

*Government that Works!*

**NEW JERSEY DEPARTMENT OF THE TREASURY**

**LOCAL GOVERNMENT BUDGET REVIEW**

**BOROUGH OF HILLSDALE**

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**MARCH 1999**



## **GOVERNMENT THAT WORKS**

### **OPPORTUNITIES FOR CHANGE**

#### ***The Report of the Borough of Hillsdale***

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making state government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. Prior to Governor Whitman's taking office in 1994, the state had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service by the state at no cost to them. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, Governor Whitman ordered the expansion of the program, tripling its number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

## **THE REVIEW PROCESS**

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of each review, team members interview each elected official, as well as employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examine current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relative information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness, on the part of most, to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW  
EXECUTIVE SUMMARY  
BOROUGH OF HILLSDALE**

**Legal**

Hiring a part time attorney for a set number of hours and a set dollar amount could save \$6,539.

**Insurance**

Seeking cost estimates or bids from alternative providers could produce a \$35,000 - \$57,750 premium reduction.

**Finance**

Increasing finance staffing to improve the controls and attention given to finance related functions and creating a chief financial officer position separate from the business administrator would cost an incremental \$25,000.

Upgrading tax collection software could save \$2,359.

By reducing the tax collector function staffing through attrition, a savings between \$14,910 and \$23,423 could be realized.

**Construction and Local Code Enforcement**

Increasing clerical support to eliminate a backlog and keeping the files current would involve a value added expenditure of \$3,400.

**Public Works**

Adding a part time clerk would require an expenditure of \$7,800 and result in better use of the Superintendent of Public Works for a productivity enhancement of \$23,166.

Providing line painting to the schools would yield a revenue increase of \$1,000 - \$1,500.

Competitively contracting street sweeping would result in a savings of \$10,615.

Competitively contracting leaf removal would produce a cost savings of \$47,725.

Seeking alternative disposal sites to lower the tipping fee to \$2.50 would reduce costs by \$8,103.

Closing the recycling site would eliminate a redundant service and yield a \$23,171 in savings.

**Police**

Changing the staffing required through consolidation, sharing of services or improved scheduling would result in savings between \$96,403 and \$265,849.

Changing the schedule to one that required officers to work 2,080 hours would produce a savings of \$73,208.

Limiting overtime through policies and scheduling should result in a decrease in overtime of \$25,000.

Court overtime could be reduced by more aggressive scheduling of police officers and would further reduce police overtime by at least \$7,000.

Civilianizing dispatch would save \$126,525 or sharing dispatch would save \$196,525.

### **Fire**

By establishing a reasonable cost threshold and following state purchasing guidelines, it is possible that \$30,000 or more could be saved on the purchase of a new piece of equipment.

### **Court**

Purchasing a computer and printer for use by the court would cost approximately \$2,500.

### **Library**

Increasing budget accountability could decrease expenditures to the third of a mill amount and save at least \$6,000.

Coordinating generalized support services like grounds maintenance and cleaning with the borough could produce a cost savings of \$5,000.

### **Health**

Establishing fees for clinics would increase revenues by \$30,000.

### **Welfare**

Merging with the county would save \$7,002 or an interlocal agreement with Westwood is estimated to save the Borough of Hillsdale \$3,669.

### **Recreation**

Increasing athletics fees to decrease the property tax subsidy to 50% would produce an additional \$12,193 in revenues.

Increasing summer camp fees to \$1.00 per hour per child would produce an additional \$19,266 in revenues.

### **Collective Bargaining Agreements**

#### **Crossing Guard Contract**

Terminating the crossing guards' attendance incentive would save \$2,640.

**Police Contract**

Changing the percentage-based police education incentive to tuition reimbursement could save an estimated \$4,000 in the first year.

Eliminating future longevity increments would save approximately \$3,000 in 1998, but as much as \$60,000 annually over the long term.

Lengthening the police salary scale from five to ten steps could save \$10,000 in the first year and at least \$90,000 over the long term.

Changing from a uniform allowance to a department controlled replacement program, the borough could save \$9,000 or more.

Abolishing vacation banking would save an estimated \$5,845 per retiree.

Abolishing pay in lieu of vacation would save approximately \$7,700.

Eliminating double time pay for any holidays worked would produce a savings of \$15,840.

Terminating holiday banking would save \$57,750.

Discontinuing the 1% increment for shift work would result in at least a \$10,000 savings.

**Insurance**

Instituting an across the board 20% health insurance premium co-pay could increase revenues offsetting health care costs of \$100,000.

Terminating duplicative life insurance coverage could save \$36,000.



<u>Areas Involving Monetary Recommendations</u>	<u>Onetime Savings/Expense</u>	<u>Annual Savings/Expense</u>	<u>Potential Savings</u>	<u>Totals</u>
<b>Legal</b>				
Hire a part time attorney		\$6,539		<b>\$6,539</b>
<b>Insurance</b>				
Identify alternative providers		\$35,000	\$57,750	<b>\$35,000</b>
<b>Finance</b>				
Increase finance staffing		(\$25,000)		
Upgrade tax collection software		\$2,359		
Reduce staffing through attrition		\$14,910	\$23,423	<b>(\$7,731)</b>
<b>Construction and Local Code Enforcement</b>				
Increase clerical support (VAE)	(\$800)	(\$2,600)		<b>(\$3,400)</b>
<b>Public Works</b>				
Add a part time clerk		(\$7,800)		
Remove clerical tasks for Superintendent of DPW		\$23,166		
Provide line painting to schools	\$1,000	\$1,500		
Competitively contract street sweeping		\$10,615		
Competitively contract leaf removal		\$47,725		
Seek alternative disposal sites to lower tipping fee to \$2.50		\$8,103		
Close the recycling site		\$23,171		
				<b>\$105,980</b>
<b>Police</b>				

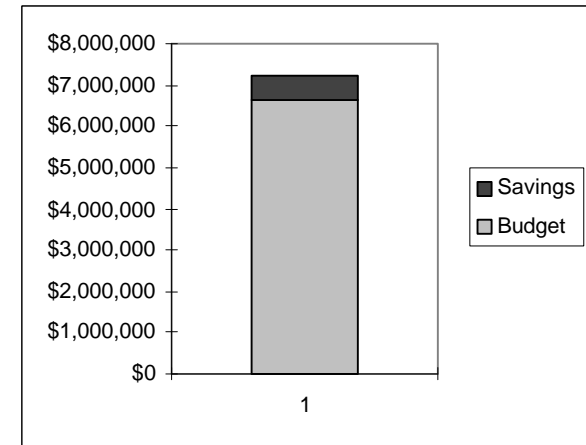
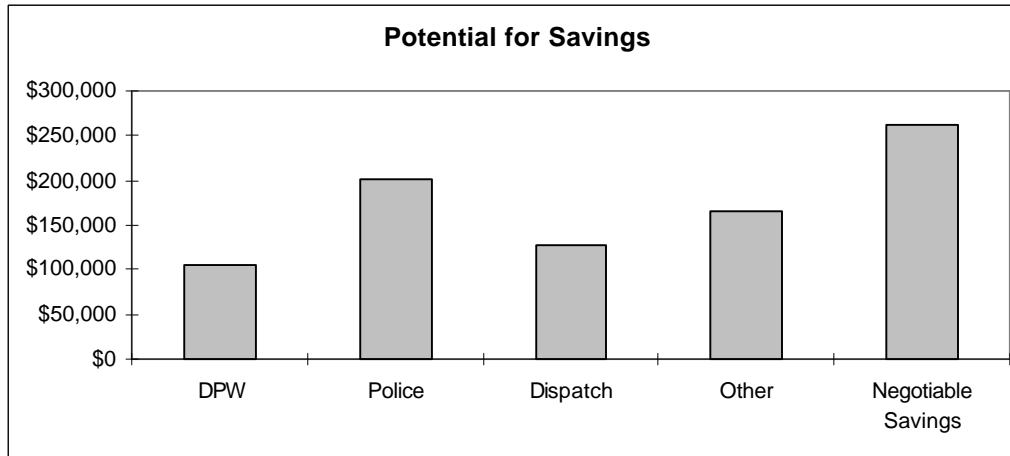


<b>A. Consolidate with another police dept. (exclusive) or</b>			<b>\$265,849</b>	
<b>B. Various improvements to existing department</b>			<b>\$201,611</b>	
1. Change the scheduling of non patrol staff or			\$96,403	
Share services				
2. Change the schedule to 2,080			\$73,208	
3. Limit overtime through policies & scheduling			\$25,000	
4. Police court overtime reduction			\$7,000	
				<b>\$201,611</b>
		<b>Police Dispatch</b>		
<b>A. Civilianize dispatch or</b>			<b>\$126,525</b>	
<b>B. Share dispatch</b>			<b>\$196,525</b>	
				<b>\$126,525</b>
		<b>Fire</b>		
Equipment purchase			\$30,000	
				<b>\$30,000</b>
		<b>Court</b>		
Purchase a computer and printer	(\$2,500)			
				<b>(\$2,500)</b>
		<b>Library</b>		
Increase budget accountability			\$6,000	
Coordinate generalized support services w/the borough			\$5,000	
				<b>\$11,000</b>
		<b>Health</b>		
Establish fees for clinics			\$30,000	
				<b>\$30,000</b>
		<b>Welfare</b>		
Merge welfare with the county board of social svcs.	\$3,669	\$7,002		
to create an interlocal agreement w/Westwood				
				<b>\$3,669</b>

<b>Recreation</b>				
	Increase athletics fees	\$12,193		
	Increase summer camp fees	\$19,266		
				<b>\$31,459</b>
<b>Collective Bargaining Issues</b>				
	Terminate crossing guard attendance incentive		\$2,640	
	Change police education incentive to tuition reimbursement		\$4,000	
	Terminate longevity for police	\$3,000	\$60,000	
	Lengthen the police salary scale		\$10,000	
	Replace clothing allowance w/a quartermaster program		\$9,000	
	Abolish vacation banking (per retiree)		\$5,845	
	Abolish pay in lieu of vacation		\$7,700	
	Do not pay police double time for any holidays worked		\$15,840	
	Terminate holiday banking		\$57,750	
	Discontinue the 1% increment for shift work		\$10,000	
	20% health insurance premium co-pay		\$100,000	
			0	
	Terminate duplicative life insurance coverage		\$36,000	
				<b>\$261,775</b>
	<b>Total Recommended Savings</b>	<b>(\$3,300)</b>	<b>\$571,452</b>	<b>\$261,775</b>
				<b>\$568,152</b>
* \$261,775 not included in savings of \$568,152.				
	<b>Total Amount to be Raised for Municipal Purposes</b>			<b>\$4,529,508</b>
	<b>Savings as a % of Municipal Purpose Tax Levy</b>			<b>13%</b>
<b>Total Budget (1996)</b>				
	<b>Savings as a % of Budget</b>			<b>8%</b>

**Total State Aid**  
**Savings as a % of State Aid**

**\$1,503,861**  
**38%**





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## **Community Overview**

The Borough of Hillsdale is one of 70 municipalities in Bergen County and is located just 12 miles from New York City. It is 2.98 square miles in area with a 1990 population of 9,750. The population has decreased by 21% since 1970 from 11,768. Ninety-four percent of the tax base is residential with just 3% of the land vacant and 3% used for industrial and commercial purposes. It has a quaint downtown that is anchored by a rail station that serves New York City and has been beautified in preparation for celebration of the borough's 100th anniversary this year.

Hillsdale is a relatively homogeneous community with a 1990 census median household income of \$62,039 and median home value of \$248,100. The population is 93% White, 4% Asian and 3% Hispanic.

The total municipal budget in 1996 was \$7,697,402, 1.66% more than the \$7,571,507 budget of 1995. The net taxable value was \$804,276,100 in 1996 and the municipal tax rate in 1996 was .555, just .017 higher than in 1995 and .049 lower than 1994.

Hillsdale has continued to provide the high level of service expected by residents while controlling costs. To do so, they have used many of the techniques available, including interlocal agreements, competitive contracting and regionalization. Hillsdale is a refreshing example of what can be accomplished regarding property tax expenditures with aggressive and creative management.

## **I. BEST PRACTICES**

A very important part of each Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and, possibly, save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every area of effective effort. The following are those “best practices” recognized by the team for their cost and/or service delivery effectiveness.

As you read the report you will note that Hillsdale is commended numerous times for its practices and policies. Borough elected officials and staff have pursued competitive contracting, sharing services, and numerous other initiatives to conserve the tax dollars used in Hillsdale. Below are highlights of those practices which are most outstanding.

### **GROUND'S MAINTENANCE CONTRACT**

One of the pitfalls of contracting for services is a vague contract which does not include quality and timing parameters, as well as consequences for failure to meet those parameters. Hillsdale has implemented, to its satisfaction, a very detailed grounds maintenance contract that establishes timing and quality parameters and deducts amounts for failure to meet them. Examples are:

- a \$50 penalty for cutting with unsharpened blades; and
- a penalty of 25% of the monthly payment for failure to cut frequently enough to maintain a 2” height and no less than biweekly.

### **SHARING UCC SERVICES**

In 1995, Westwood signed an interlocal agreement with Hillsdale to have Hillsdale take over its code compliance responsibilities. In 1997, Woodcliff Lakes engaged Hillsdale to assume its zoning enforcement duties. Upper Saddle River turned its code compliance operation over to Hillsdale on January 1, 1998. Through these agreements the municipalities have been able to spread fixed costs over a larger service population, thus, reducing their costs and/or improving the quality of service provided. What is key and noteworthy about this operation is that it is run in an efficient, professional and customer-oriented manner that has resulted in communities approaching Hillsdale to provide Uniform Construction Code (UCC) services in their communities.

### **SHARING DEPARTMENT OF PUBLIC WORKS (DPW) EXPERTISE**

DPW superintendents from several neighboring towns meet each Friday morning for approximately 40 minutes to discuss problems, wants and needs which may have arisen during the past week. This brainstorming session gives all of the participants the benefit of each others’ experience as they address day-to-day problems.

### **SHARING EQUIPMENT**

#### **Sewer Camera System**

The Borough of Hillsdale has an interlocal agreement with Emerson, Old Tappan, River Vale, Washington, Park Ridge, and Montvale to share a color sewer camera system. This is required to periodically inspect the sewer lines



for infiltration problems and obstructions. This piece of equipment costs approximately \$40,000 and by combining their efforts, each community saved \$35,000 on the purchase of the equipment.

#### **Sewer Jet**

The borough also has an interlocal agreement with Washington to share a sewer jet, which is used to flush sewer lines, and a catch basin cleaner. This equipment is an essential part of maintaining a sound sewer system. This agreement saved each municipality approximately \$50,000 on the purchase of the equipment.

### **STONYBROOK SWIM CLUB**

An example of effective capital investments can be found in Hillsdale's experience with Stonybrook Swim Club, the borough's pool. In the early 1990's, the swim club was suffering from an outdated facility and declining membership. Realizing the seriousness of the situation, the borough approved a major capital improvement plan for the swim club, which included the building of a new club house. Due to these capital improvements, along with placing greater emphasis on marketing and public relations, the swim club has become almost fully subscribed, is now self sustaining and has generated a surplus for the last three consecutive years.

### **MERGING THE PLANNING AND ZONING FUNCTIONS**

In 1997, the borough merged the planning and zoning functions. The driving force of this merger was the desire to improve consistency across the two functions and to improve the process for the citizens. In addition, it is estimated that \$7,000 will be saved in reduced legal, engineering and clerical costs. Elected officials and staff report that the merging of functions has been a success, especially in terms of streamlining and clarifying the process for the public.

### **EXEMPLARY LABOR CONTRACT PROVISIONS**

Hillsdale has made great strides in creating rational and consistent compensation packages through negotiations of three of its four labor contracts. A good example of the types of provisions that we find exemplary is the sick leave provision in the Teamsters Union contract for the department of public works employees. Here are highlights of its provisions:

- A verification of illness is required for all absences of two days or more.
- Sick leave is not paid when the employee:
  - ⇒ Fails to carry out the physician's orders;
  - ⇒ The borough physician determines that the person is ill or disabled for self imposed contributory causes or actions contrary to the code of conduct;
  - ⇒ The injury or illness is not sufficient to justify absence from duty; and
  - ⇒ An employee does not report to the borough physician.
- Sick leave is not cumulative after January 1, 1990 and there is no payout for sick leave accrued after January 1, 1990.

## **II. OPPORTUNITIES FOR CHANGE/RECOMMENDATIONS**

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the municipality and its taxpayers.

In its study, the review team found the municipality makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted, as appropriate, in the findings to follow. The municipality is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations, and therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

One of the fundamental components of the team's analysis is identifying the true cost of a service. To this end, the team prepares a payroll analysis that summarizes personnel costs by function and attributes direct benefit costs to the salary of each individual. This figure will always be different from payroll costs in the budget or in expenditure reports because it includes health benefit, social security, pension, unemployment and other direct benefit costs.

### **Administration**

All of the finance and administration functions are centralized under the borough administrator. According to the municipal code chapter 51-25 the administrator is the chief administrative officer responsible to the mayor and council for the day to day operations of the municipal government. The administrator's office consists of the administrator and an administrative assistant. Total salaries and direct benefits for the two positions were \$132,883 in 1996. The administrator functions as the borough's Certified Municipal Financial Officer (CMFO), risk manager, purchasing agent, budget officer and personnel officer. Other general support is provided by miscellaneous staff time at the cost of \$19,804. The value of benefits such as vacation, sick and holidays for this specific function was \$18,746.

A general observation about the administrative and executive function is that it is very conservatively staffed and integrated with finance and the borough clerk's office to assure coverage and continuity during absences. Total 1996 administrative and executive other expenses covering the council, the borough clerk, purchasing, automation, all telephone service, all copier usage, and budget was \$55,000. The value of benefits such as vacation, sick time, leave or pay and holidays for all of administration, with the exception of the business administrator's staff, was \$15,447.

### **Buildings and Grounds**

The expenses related to operating borough hall and the DPW building are accounted for in a separate budget which totaled \$155,020 in 1996. Of that amount, \$132,000 was for utilities. Custodial services were competitively contracted at a cost of \$11,000. Grounds maintenance is contracted out for a total of approximately \$34,999, \$24,000 of which is charged to parks and playgrounds in the department of public works budget.

**The borough is commended for identifying and implementing methods of minimizing building operation costs through competitive contracting.**

There are tentative plans for renovation and redesign of offices in borough hall for a cost of approximately \$70,000 for improvements as well as maintenance tasks, such as carpet replacement, wallpapering, and painting. The current design of the office is such that it facilitates thorough coverage of the front counter with a small number of people. Any new design must balance this advantage with the need for concentration, privacy and safety of the staff.

#### **Recommendation:**

**The borough is encouraged to continue to make the best possible use of space while considering the specific needs of particular functions.**

### **Borough Clerk**

The borough clerk's office is staffed by a full time borough clerk and a part time assistant. The cost of the borough clerk's operation consists of \$81,285 in salaries and direct benefits. All of the costs related to this office are embedded in the administrative/executive budget, therefore, specific other expenses are difficult to identify.

The clerk came to the borough in 1993 from the private sector and became certified as a registered municipal clerk in 1995. He serves as back up and support to the administrator in several areas.

Recent accomplishments of the clerk's office include:

- Recodification of the municipal codebook included significant improvements, such as updating fees and revising language to assure that minor offenses do not require a court appearance.
- Establishment of a web page containing information relating to the operation of the borough. The long-term goals for the site are to put all municipal forms on the site.
- Development of one form to be used for all licenses, easing the process for the staff as well as for the public.

**The borough is commended for a borough clerk operation that makes substantive contributions to borough operations and is a cohesive part of the administrative operation.**

## **Governing Body**

Hillsdale operates under the borough form of government. The mayor serves as head of the government and presides over the council. The mayor is elected for a four year term and six council members are elected at-large, two each year for three year terms.

The governing body appears to be a relatively cohesive group that aggressively pursues the goal of delivering a high level of service while containing costs. Council members actively participate in policy setting for the departments through a committee structure. The council committee chairs also work closely with department heads in achieving policy goals.

Council members received stipends of \$2,187 and the mayor received a \$3,020 stipend for a total expended amount of \$17,380 in 1996. All other costs are embedded in the administrative/ executive budget.

## **Purchasing**

The business administrator is designated as the purchasing agent by the borough council. One clerk is dedicated to the purchasing and accounts payable functions. The costs of salary and direct benefits of this position are \$33,259. The purchasing clerk receives signed purchase requisitions from the departments, and forwards them to the business administrator. When the requisitions are signed, the purchasing clerk solicits quotes, identifies vendors and creates a purchase order (PO). The automated system automatically encumbers the amount. The turn around on a requisition is typically one day. Copies of the PO are sent to the department and the vendor. Once the invoice, the voucher and the receiving report are returned, the item is added to the bill list which is presented to the council each month. Payments are made following council approval. Purchase orders are filed by fund and then by vendor.

## **Technology**

The borough administrator and borough clerk are responsible for all technology related issues.

Presently, there are 22 PCs throughout the borough hall, police department and department of public works. The PCs operate on two separate networks in borough hall and the police department. Public works has one stand alone PC. The PCs vary by make and model from desktop XTs to Pentium processors to laptops.

In 1997, the accountant and the tax collector received new Pentium processor PCs at a cost of \$1,500 each. The replaced units were moved to the accounts payable clerk and the clerical assistant in the police department. By recycling computer hardware, the borough contains its technology related costs. There is one scanner installed for the administrative secretary and used to archive administrative correspondence and code enforcement documents.

The borough does not buy under state contract but, instead, it goes out for competitive bid via Request for Quotations (RFQs). This practice has generated excellent values for the borough with the most recent purchase of Pentium PCs costing just \$1,500 each.

A PC inventory document is maintained by the borough clerk, who plans to bar code all components in 1998. This is estimated to cost less than \$2,000 including a bar code reader.

The borough clerk is responsible for the automated telephone system. The borough clerk was also instrumental in developing the plans and design for the Hillsdale Borough Web Page, which has been a successful initiative. Among other things, the web page contains the budget message, a message from the mayor, the organization structure, chamber of commerce information, the borough directory, and some license applications.

### **Technology Plan**

Although there is no formal plan, the borough has been phasing in software and hardware upgrades as the funds become available. The current informal plan is to replace two PCs annually until all PCs are upgraded.

According to current plans, all PCs used in borough hall, the police department and public works would be replaced by the end of 1999 with Pentium processors, each having Windows 95 software and being year 2000 compliant. An attempt was made to identify technology related expenditures but, because they are embedded in the equipment line, it was too difficult to identify the actual expenditures.

The borough is planning to access a credit card network which will enable licenses, fees and taxes to be paid electronically by the latter part of 1999.

### **Recommendation:**

**The team urges the borough council to establish a committee representing all interested parties including division managers, clericals, council members and administration to develop a long-range plan to meet the technology needs of the borough. This plan should include and expand upon their current objectives of upgrading hardware and software. Expenditures related to the plan should be maintained in a separate budget line so that implementation of the plan can be adequately tracked.**

### **Legal**

The borough attorney has been with the borough for five years, with his firm representing the municipality for the past ten years. The attorney is appointed by the council for one year and responsible for preparing (1) contracts relative to private refuse collection and road maintenance and construction, (2) interlocal agreements, (3) the annual report for the independent auditors regarding the status of specific borough issues, (4) council resolutions, (5) contracts relative to the communication tower leases, as well as (6) reviewing insurance bonds for adequacy.

### **Recommendation:**

**It is suggested that the clerk prepare resolutions and any other appropriate documents for review by the attorney, rather than have the attorney prepare pro-forma, "boiler plate documents."**

The attorney also reviews some additional contracts prepared by the borough administrator. The scope of his involvement depends upon the complexity of the contract in terms of its specifications and the language required.

The borough administrator prepares the competitive bid contracts relative to the purchase of goods and services, other than engineering or public works projects. These are done by the engineer or department head(s), as appropriate.

The attorney is on an annual retainer of \$14,000, which includes attendance at the monthly public meeting as well as the two borough council work sessions held each month. In addition, he is paid \$75 an hour for any services over and above the council meetings. The total cost in 1996 for the borough attorney was \$56,539. Billable hours worked in 1996 totaled 567. In 1997 the attorney received \$62,431 for an estimated 645 hours. In one month examined, more than half of the activity involved routine clerk and tax related activities, consulting with elected officials, staff members and the like. It is fairly evident that the borough may benefit more from retaining a part time staff attorney who worked the equivalent amount of time. Looking at the type of activities involved, the time spent historically, and the salaries of other municipal attorneys in Bergen County, it is estimated that a salary of \$50,000 for eight hours weekly plus council meetings would be generous.

**Recommendation:**

**It is recommended that a part time attorney, equivalent to one day per week plus council meetings, be hired by the borough.**

**Cost Savings: \$6,539**

**Planning and Zoning Attorney**

The attorney that provides legal services for the planning and zoning board has been employed since 1975. Currently, the attorney does not have a formal contract or letter of agreement and was not retained as part of a competitive bid process. Since the board is autonomous, it is not required to seek approvals from the borough council. He is compensated at a rate of \$4,000 per year. Based on the number of meetings he attends, two per month, this averages out to approximately \$166 per meeting. In addition, he is compensated at a rate of \$75 per hour for any legal service performed outside of attendance of regular meetings. While the regular meeting is in line with other surrounding communities, his fee for outside services is lower. The total cost for legal services in 1996 was \$9,294 and is expected to be \$16,949 in 1997.

**Other Counsel**

The borough contracted with an independent counsel in 1996 to handle labor negotiations with the police department. The cost to the borough was \$600. Any legal matters dealing with property and casualty insurance claims are handled by an attorney funded and appointed by the Joint Insurance Fund (JIF).

**Current Issues**

A transfer station operates in the borough which was originally approved for 300 tons per day and was receiving as much as 1500 tons per day. It has had a very negative impact on the community and has been cited 20-30 times per month for code violations. In addition, they had stopped paying the voluntary host benefit fee a few years ago. In 1996, the borough hired a special counsel to guide it through the regulatory proceedings against Sal Car. The cost for this representation was \$34,047 in 1996 and \$99,038 in 1997. The result was a judgment of \$450,000 against Sal Car and a resumption of Sal Car's payment of host benefit fees. In 1997, the borough realized approximately \$900,000 more in host benefit fees than anticipated as a result of the litigation. They have reached a settlement with Sal Car through which the borough will receive \$10 million over the next five years.

**Recommendation:**

**The board should consider some form of competitive proposal when preparing to renew agreements for professional services to ensure that fees are competitive and appropriate. In addition, to the existing council resolutions appointing professionals, the borough should execute formal agreements which enumerate rates and include "not to exceed" amounts.**

## **Insurance**

The borough administrator has been solely responsible for risk management. The borough participates in the Bergen County Municipal Joint Insurance Fund for its property and casualty and workers' compensation coverage. The fund provides risk management support to the municipality as requested. There is no structured safety committee. The cost of this coverage is \$175,000 and is, conservatively, \$70,000 less expensive than traditional coverage had been.

### **Recommendation:**

**While the borough is commended for realized savings, the insurance market has become very competitive in the last several years and, therefore, it is advisable that the borough solicit cost quotations from other providers approximately every three years. One municipality recently cut its premium by 20% by obtaining coverage from a private insurance pool and a second cut its premiums by one third with coverage from a private insurance pool over local JIFs. If Hillsdale is able to secure a similar arrangement, it could realize savings of approximately \$35,000 - \$57,750.**

**Cost Savings: \$35,000 - \$57,750**

Dental insurance is provided by Delta Dental insurance and cost \$50,280 in 1996 and \$47,150 in 1997.

### **Recommendation:**

**It is recommended that risk management be delegated to another staff member and overseen by the borough administrator in order to assure that there is adequate backup for this function.**

## **Budget**

The borough administrator solicits budget requests from the departments in November of each year and compiles a document for review by the council, which includes the previous year's budgeted and expended amounts, the department's request for the new budget and the administrator's recommendation. The administrator prepares the budget for presentation to the council and revises it through the approval process, however, the borough's auditor prepares the state budget document.

### **Expenditures**

In 1996, total authorized budget appropriations were \$7,759,362, with a paid or charged amount of \$7,759,272. In the preceding two years, the budget was overexpended by amounts less than 1% of the budget. N.J.S.A. 40A:4-57 of the Local Budget Law provides that a municipality may not expend any money, incur any liability or enter into any contract unless sufficient appropriations exists for the payment of the expenditure, liability or contract. An analysis of the records of the municipality indicate that the appropriate transfer resolutions were adopted to cover any payment of claims in specific line items and that emergency appropriation resolutions were adopted to cover expenditures that were unforeseen at the time of the budget adoption. While the accuracy of expenditure projections in total is high, divisions expended significantly more than was allocated for specific purposes through the budget process. The basic purpose of a controlled encumbrance/disbursement accounting system is to provide up to date budget balances that would prevent overexpenditures.

### **Recommendation:**

**It is recommended that financial and administrative staff set up appropriate controls to assure that no line items or division budgets are overexpended.**

### **Financial Projections and Fund Balance**

From 1994 through 1996 the year end surplus decreased over 50%, from \$2.1 million to \$1 million. This reduces the amount of surplus available for use in the following years budget and creates a need for additional revenue sources or tax increases to maintain the same level of funding.

An adequate level of fund balance allows a municipality to cushion the effects of one time drops in revenue or the need for one-time expenditures without having to rely solely on tax increases. However, it is important that fund balance be retained at an adequate level and, when necessary, through a multi year planning, rebuilt to an appropriate level.

	1994	1995	1996
<b>Surplus 12/31</b>	\$2,127,301	\$1,553,936	\$1,033,434
<b>Surplus Appropriated</b>	\$1,198,919	\$640,000	\$452,474
<b>% Surplus Appropriated</b>	56%	41%	44%
<b>Surplus Balance</b>	\$928,381	\$913,936	\$580,960

#### **Recommendation:**

**It is recommended that the council work with the administrator and chief financial officer to determine an adequate level of surplus and plan for at least two years in advance to determine the impact of surplus appropriation decisions on the fund balance and the resultant long term impact on the tax rate.**

## **Finance**

The finance function is staffed by the borough administrator as CMFO, a staff accountant and the general clerical staff. Salary and direct benefit costs for the accountant were \$62,607 in 1996 but are estimated to be \$45,000 in 1997. The 1996 costs were inflated because of the retirement of the employee who previously held the position. The borough accountant is an integral part of the management team and is in the process of earning her CMFO. The borough accountant works in tandem with the borough administrator on cash management, payroll and any other aspects of financial administration, as required. The value of benefits such as vacation, sick time, leave or pay and holidays for the accountant was \$5,508.

#### **Cash Management**

The majority of the cash management functions are handled by the borough's accountant. However, the borough administrator, as CMFO, is ultimately responsible for investment decisions and any changes to the banking partner agreement.

The borough maintains 15 accounts with Fleet Bank. The borough also maintains three accounts totaling \$1,275,089 with the New Jersey Cash Management Fund (NJCMF). The NJCMF accounts earned \$83,859 in interest in 1996. The return on the NJCMF averaged 5.23% over the 12 months of 1996. The bank account reconciliations are prepared by five individuals. The borough accountant reconciles the capital, dog and cat licensing, payroll agency, public assistance, swim pool capital, swim pool utility, swim pool utility capital and trust accounts. A Certified Public Accountant is contracted to reconcile the bond and coupon, current and net payroll account at a 1996 cost of \$2,000. The municipal court administrator reconciles the bail and violations accounts; the tax collector reconciles the tax collection account; and a library staff member reconciles the library account.

**The borough is commended for coordinating all investments and cash flow including more independent entities such as the library, the court and the swimming pool utility.**

#### **Recommendation:**

**The team recommends that the borough close the swim pool utility capital account. The account is not required since it had very little activity in 1996 and it carried a negative balance for a few months because its balance didn't cover the fees charged.**



### **Account Analysis**

The bank accounts in Fleet Bank are under a customer account analysis which allows the aggregation of the cash balances at the end of the business day for purposes of crediting interest. In doing so, the borough gets the benefit of a higher interest rate because it is based on the cumulative balances of all of the accounts. The net available balances ranged from \$54,694 to \$355,813 over the year. The maintenance fees are also handled through the account analysis utilizing compensating balances. The calculated costs of banking services for the year were \$9,934. Earnings stated below are net of those costs.

The analysis of the available cash in bank and year-to-date earnings showed that the borough earned a competitive interest rate on its fund balances. The team compared the actual interest paid by Fleet Bank to the estimated potential earnings from the New Jersey Cash Management Fund (NJCMF) as well as to the 91-Day T-Bill. These amounts were \$7,588 for Fleet, \$8,912 for NJCMF, and \$8,884 for the 91 day T-Bill. Acknowledging that prudent investment practices and practical cash flow considerations would not allow funds to be deposited into just one of these instruments, we conclude that the borough did effectively maximize its earnings potential.

### **Cash Management Plan**

The borough adopted Resolution No. 97003 which designates official depositories. Cash flow is monitored closely by the accountant and the borough administrator. Although there is no formal cash flow analysis, the borough appears to have a good handle on its flow of funds. The bank accounts are monitored and managed during the month to ensure that excess balances do not remain in the accounts.

### **Recommendation:**

**The team suggests that the borough prepare a long-term (one year) cash flow projection on or about the time the budget is adopted. From the long-term projection, it is recommended that a short-term (monthly) version be developed and used to document the management of cash flows and investments.**

### **Banking Services**

Fleet Bank has served as the borough's primary banking partner for the past 40 years, with all 15 accounts on deposit. The primary reason for this long standing relationship is service and convenience. The borough solicited competitive bids through a request for information (RFI) from Commerce, Valley National, and Interchange as well as Fleet in 1997. This has enabled the borough to make a comparison of services and related costs to assure the best value for banking services. Three finance committee members are currently reviewing the proposals and will choose one of the four institutions to be the borough's depository.

The borough does not utilize any automated on-line services such as balance reporting, which would give the borough real time access to the fund balances in any of its cash accounts. The best way for the borough to determine the viability of any automated or other banking service is to meet with its government banking representative and discuss user needs versus product offerings.

**The team commends the borough for soliciting information relating to the costs of banking services. When the borough is ready to solicit information again, it may be appropriate to solicit information from financial institutions operating outside the borough, if only to assure that they are aware of all the service and pricing possibilities.**

### **Recommendation:**

**The team recommends that the borough choose a banking partner based on overall performance including: convenience, level of sophistication and array of services, cost of the most frequently used services, accessibility to banking representatives, future branch construction plans and community reinvestment, among others.**

### **Debt Administration**

The goal of any municipality that seeks to properly manage its debt service is to stabilize the cost of debt to prevent extreme fluctuations in current fund expenditures. Upon reviewing Hillsdale's municipal budgets for 1994-1997, it appears that the borough has been successful in accomplishing this goal.

<b>Borough of Hillsdale</b>	
<b>Year</b>	<b>Total Municipal Debt Service</b>
<b>1997</b>	\$321,949
<b>1996</b>	\$323,257
<b>1995</b>	\$329,160
<b>1994</b>	\$340,256
<b>1993</b>	\$460,224

Subject to certain exceptions, municipalities are limited by N.J.S.A. 40A:2-6 of the Local Bond Law to a maximum bonded indebtedness equal to 3.5% of its equalized assessed valuation. According to the 1996 audit report, the borough's percentage of statutory net debt was 0.26%.

The borough disposed of its long term debt for sewer improvements at the end of 1997 with a principal payment of \$187,000 and \$8,649 in interest for a total of \$195,649. The borough is currently carrying \$987,000 in bond anticipation notes (BANs) at a rate of 3.88% and for a carrying cost of \$38,296 in interest payments. The borough has retained flexibility and avoided one-time costs of as much as \$50,000 by not moving to permanent financing.

### **Capital Improvements**

The borough expended \$222,718 in total capital improvements in 1996 and placed \$48,032 in reserves. These funds were allocated for various projects including sidewalk replacement, a flood warning system, and public works improvements and equipment. Capital improvements for 1997 include \$7,000 for the purchase of an ambulance.

The capital improvement section of the 1997 budget states that the borough prefers to utilize direct capital or "pay as you go" methods for funding capital improvements. This is commendable as long as it is implemented in conjunction with a realistic plan for maintaining and replacing the facilities and infrastructure of the borough, and as long as local officials appropriately weigh the difference between having current taxpayers pay the total cost of improvements from which future taxpayers will also benefit.

### **Audit Findings**

A review of the audit findings of the last three years revealed a trend of several recurring audit comments. The 1994 audit contained thirteen recommendations, of which six were carried over from the prior year. In 1995, the borough auditor identified ten recommendations, with four being carried over from 1994. The 1996 audit report contained eight recommendations, with four being identified in the previous year.

Federal and state audit standards require that the borough's chief financial officer respond to the auditor's findings and must submit a corrective action plan within sixty days from the date the audit is received by the governing body. According to borough records, the corrective action plans for 1995 and 1996 were not submitted on time. No corrective action plan was found for 1994.

It appears that most of the audit findings have eventually been addressed. The most significant finding that has recurred for several years and has yet to be addressed is the absence of a general ledger. The most recent corrective action plan response to this finding was that a certified municipal finance officer would be hired to fill an existing vacancy in the borough in the position of chief financial officer and that establishing a general ledger would be the first priority.

### **Recommendations:**

**It is recommended that the chief financial officer make every possible effort to respond to the auditor's findings and comply with regulations in a timely manner. Records of corrective action plans should be kept on file by the borough in order to maintain and document fiscal accountability.**

Considering all the areas of finance and budgeting described above, it is recommended that a chief financial officer be appointed separate from the business administrator to improve controls and enable borough staff to give financial matters a sufficient amount of attention. The ideal staffing configuration would be a chief financial officer and an assistant. The chief financial officer's responsibilities would include payroll, accounts payable and purchasing, cash management and a significant role in managing financial accountability and compliance, as well as oversight of the tax collection and tax assessment functions. The assistant would be responsible for all bank reconciliations as well as supporting the chief financial officer. This would improve the segregation of duties for library, tax collection and the court.

**Value Added Expense: \$5,000 - \$10,000 increment to the accountant's salary and designation of a specific individual to act as her assistant which would amount to an additional part-time person at an estimated cost of \$15,000.**

**Value Added Expense: \$25,000**

#### **Tax Assessment**

The assessor's office is staffed by an assessor who averages a four-hour work week and a clerk who works 20 hours per week. The office is responsible for 3,465 line items. The standards promulgated by the International Association of Assessing Officers (IAAO) indicate that municipalities with 3,000 to 5,800 line items should have a part-time assessor working 15 to 35 hours and a second employee working 10 to 30 hours per week depending on the community's specific characteristics. Because the community is basically fully developed and indicators of the accuracy of the assessment are good, the current staffing arrangement is conservative and close to the parameters set by the IAAO.

The salary and direct benefit cost for this department was \$23,512. Other expenses associated with this office are \$2,364. This is a total expense of \$25,876. Both receive vacation, sick-time and paid holidays and are enrolled in the pension plan but do not receive medical coverage through the municipality. The value of benefits such as vacation, sick time, leave or pay and holidays for this function was \$523.

The total assessed valuation increased by \$179,149,481 from \$637,473,896 in 1994 to \$816,623,377 in 1996, primarily as the result of the completion of a revaluation in 1995. The 1996 equalization ratio is 90.36 and in 1996, 51 tax appeals cost \$267,000 in tax reductions. The tax rolls are continually updated by the assessor using building permits and certificates of occupancy.

It is disconcerting that the equalization ratio fell 10% in just one year after a revaluation and that tax appeals cost \$267,000 in lost tax revenues. It is possible that the contract for revaluation services contained a disincentive to accuracy on properties valued at more than \$250,000 by including payment to the revaluation company for any cases that go to the state tax court rather than just those where the state tax court is the second step in the process.

#### **Recommendation:**

**It is recommended that future revaluation contracts exempt all first step appeals from additional charges. This would mean that cases involving properties valued over \$250,000 which can go directly to tax court would be exempt from additional charges by the revaluation firm.**

#### **Tax Collector**

Hillsdale's current collection rate of 97.75% exceeds the state average by 2.75 percentage points. This is accomplished by the tax collector with the assistance of a part time employee who works in collection an average of 10 hours per week.

In 1996 the salary and direct benefit cost for this department were approximately \$55,360, other expenditures were \$10,791, and the total cost of the tax collection effort was \$65,851. The value of benefits such as vacation, sick time, leave or pay and holidays for this specific function was \$2,554.

There are 3,465 tax lines within the municipality. The current staffing level equates to a staff to tax line ratio of 1:2,772. Other Local Government Budget Review reports have identified a staff to tax line standard ratio of approximately 1:3,000 as appropriate.

The borough contracts with four different vendors for different aspects of the tax billing and collection process, at a cost of \$10,791. There are private sector vendors who will produce tax bills at a cost of \$0.28 per bill, or an estimated \$970. This is \$2,359 less than currently being paid by the borough for this specific function.

**The tax collection office is commended for its excellent current collection rate.**

**Recommendations:**

**The municipality should upgrade its tax collection software and contract services to accept on-line payments with automatic account posting. This would reduce the current work load, especially when the large volume mortgage companies begin to pay on-line.**

**Cost Savings: \$2,359**

**The municipality should consider eventually reducing the hours of the tax collector. Once a vendor is supplying on-line payments and automatic account posting, the municipality will be in a position to consider either combining the tax collection function with the finance function, or sharing a tax collector with another municipality.**

**Cost Savings: \$14,910 - \$23,423**

**Payroll**

The borough's accountant serves as the payroll supervisor and prepares the payroll data sheets and validates the accuracy of the subsequent reports and checks, once they are returned to her. The borough administrator backs up the accountant.

The borough payroll is prepared biweekly and is outsourced to Action Data Service (ADS). This firm has been used for the past three years at a cost of \$6,365 per year. This cost is consistent with the cost of a similar payroll company which ranges from \$6,056 - \$7,550 for a payroll Hillsdale's size. The borough is pleased with ADS and sees it as another opportunity to control spending and to ensure that a vital service is provided in a timely and precise manner. The estimated value of time spent by staff on payroll was \$3,578, for a total payroll cost of \$9,943 for 98 full and part time employees and 60 seasonal staff members.

**Recommendation:**

**We believe the borough has an efficient payroll system, however, we suggest that the borough canvass other payroll service providers every three years for the purpose of comparing the services available and their costs. This will also give the borough an opportunity to reassess its payroll processing needs and tailor its functions accordingly.**

**Personnel/Compensation/Benefits**

**Staffing**

In 1996, the borough employed 44 full-time, 54 regular part-time, and 60 seasonal staff members. The contracted staff consist of: borough attorney, planning and zoning board attorney (as of 1997), a board of health inspector,

borough engineer, and an independent auditor. Police, public works, office staff and crossing guards are covered by collective bargaining agreements.

The borough has been successful in containing costs pertaining to personnel policies and compensation by offering, for example, incentives for unused sick leave and eliminating future longevity benefits from some of its current contracts. The estimate of savings from termination of longevity in the three contracts is \$10,000 for 1997. Any additional recommendations of the team will require negotiation through the collective bargaining process and, thus, may take considerable time and effort to implement.

#### **Personnel Policies**

Hillsdale has no personnel policy manual but relies on the municipal code and collective bargaining agreements to govern most policies. The purpose of a personnel policy manual is to assure policies are communicated in a way that sets a framework for equitable treatment of staff and to assure compliance with state and federal regulations governing employees.

#### **Recommendation:**

**It is recommended that a policy manual be compiled addressing all personnel related issues in one document to be referred to by all employees.**

### **Construction and Local Code Enforcement**

In 1989, Hillsdale was transformed from a typical part time code compliance operation to one which brought construction, land use, fire and local code enforcement together as one unit. This was done to coordinate the various operations and improve both the quality of life in the borough and quality of service received by borough residents. The office is open to the public from 8:00 a.m. to 4:00 p.m. Monday-Friday. In 1996, this department was staffed by two full time and seven part-time employees. 1996 salaries and direct benefits were \$185,310 and other expenses were \$28,529 for total operating expenditures of \$213,839. The value of benefits such as vacation, sick time, leave or pay and holidays for this specific function was \$17,451. Collections from Uniform Construction Code (UCC) fees were \$129,962 from Hillsdale and \$96,750 from Westwood through an interlocal services agreement for a total income of \$226,719.

During 1996, the UCC office issued 1,280 permits, performed 2,886 inspections and 418 plan reviews. A New Jersey Department of Community Affairs (DCA) staffing analysis for 1996 UCC functions recommended a full time equivalent staffing level (FTE) to be 5.9. Based on the UCC hours worked by the nine employees mentioned above, the department had a staffing level of 5.2. This shows that for 1996 the department was staffed at a level of .7 FTE lower than the DCA standard.

Due to the volume of work and the fact that the unit is conservatively staffed, a document and record filing backlog has developed. It is not unrealistic to expect this problem to worsen with the start of the Upper Saddle River interlocal agreement in 1998. It is estimated that approximately 80 hours or two hours per day for two months would be sufficient to clear up the filing backlog. Once cleared, an additional four to five hours per week should keep the filing up to date. This would cost approximately \$800 to clear the backlog and an additional \$2,600 per year to maintain the files.

**The borough is commended for its above average productivity.**

#### **Recommendation:**

**Expand the hours of existing part-time clerical staff to clear the filing backlog and maintain the filing.**

**One-time Value Added Expense: \$800  
Value Added Expense: \$2,600**

The construction code official and his staff appear to be a highly motivated group with a positive attitude. All staff members are knowledgeable in their respective field, are cross trained and appropriately licensed and capable of assuming other team members' responsibilities, if necessary. This provides coverage in all areas at all times. Observations of the operation at borough hall revealed office staff to be courteous, knowledgeable and energetic with a focus on customer service. For their convenience, residents are furnished an area to complete forms and are provided individual assistance if needed.

The construction code official has access to the inspectors via beepers and hand held radios. The department is equipped with four lap top computers and camera equipment (e.g. Polaroid, 35mm, video and digital) for use in enforcement. Two of the lap top computers are equipped with printers which gives the inspectors the ability to print out summonses on the spot. This eliminates the need to mail summonses by certified mail.

In 1996, the department used the New Jersey Uniform Construction Code Account Reporting System (NJ UCCARS) but has since changed over to a FoxPro based system. The new system has expanded capabilities over UCCARS in that it not only tracks UCC data for state reporting purposes, but, also tracks and provides reports for zoning, property maintenance violations, land use data and cat and dog licenses. When inspections are completed and permits are closed the system will print out a Certificate of Occupancy (CO) or Certificate of Continuing Occupancy (CCO). The system also provides the tax assessor with copies of all permits that are issued as well as weekly reports on the status of all open permits. In addition, the tax assessor receives copies of all COs and CCOs issued. Escrow account balances are monitored and as account reserves are depleted, the system will generate letters to contractors, requesting additional escrow funds. To control backlogs, the inspectors will review the documentation relating to any older projects in the general area they will be working during that day. While out on their scheduled inspections they will stop in to check the status of the older projects to ensure compliance.

The construction code official has used interlocal agreements to eliminate duplication of effort while reducing costs, improving the quality of service, and increasing the hours of operation. In 1995, Westwood signed an interlocal agreement with Hillsdale to take over its code compliance responsibilities. In 1997, Woodcliff Lakes engaged Hillsdale to assume its zoning enforcement duties. Upper Saddle River turned its construction code operation over to Hillsdale on January 1, 1998.

Costs associated with Upper Saddle River's 1996 UCC operation were approximately \$82,000. On average, the inspectors were available for five to six hours per week to perform UCC inspections. In order to improve the quality of life and meet the increased demands of its residents, Upper Saddle River looked for alternative methods of providing coverage for UCC functions. By contracting with Hillsdale, the borough will move from part-time to full-time coverage. Under the agreement, Hillsdale will maintain a satellite office in the borough and provide full-time coverage, five days a week, for \$105,000. While this is a 26% increase in costs, coverage will increase by 600%. Hillsdale expects roughly 685 permits to be issued in Upper Saddle River during the 1998 calendar year and fees from these permits are expected to be approximately \$115,000, which will be paid to Hillsdale. In order to provide this additional coverage, Hillsdale will increase its staff by one FTE. This will be accomplished by increasing the hours for three of its part-time employees to full time status. The salary and direct benefit cost of these additional hours will be \$65,000. Hillsdale will realize a continued productivity improvement by further spreading the operational fixed costs over a larger service area.

**The borough and the department are commended for excellent use of technology and interlocal cooperation to maximize the efficiency and responsiveness of the code enforcement function.**

### **Planning, Zoning and Community Development**

The majority of Hillsdale's residential growth occurred during the past thirty years and the borough is currently between 90-95% developed. During Hillsdale's growth period, the planning and zoning boards insured that development conformed to the borough's policies and objectives spelled out in the master plan. Due to the

desirability of the area, new construction is often a result of demolishing old structures and building new. Prior to 1997, the planning and zoning boards were separate entities. In 1997, the functions were combined pursuant to N.J.S.A. 40:55D-25(c)(i) which allows municipalities with a population of less than 10,000 to adopt an ordinance to provide for the consolidation of their planning boards and their zoning boards of adjustment. The most significant factor in support of combining the functions was increasing the convenience for the residents -- which board a resident should appear before was frequently unclear to residents. The boards also frequently had conflicting approaches to the same circumstances. The borough felt that since the planning board was responsible for the master plan, it should assume the responsibility for both functions. In addition to resolving these issues, the consolidation will save approximately \$7,000 each year in legal and engineering fees and clerical salaries. The consolidation of responsibilities under one board has resulted in some nonmaterial delays in the applications review process. As with any new process, a learning curve is normal and some delays are to be expected.

**The borough is commended for its service orientation and cost savings achieved with the merging of the planning and zoning functions.**

The planning/zoning board is comprised of nine members and alternates. The members receive no compensation. The board meets twice each month to discuss agendas and hold public meetings. During 1996, operating expenses were \$13,078 for planning and \$7,485 for zoning.

The board retains a civil engineer for \$2,400 per year for the purpose of reviewing plans related to buildings with parking lots, home additions, commercial and industrial projects. The engineer, who has worked with Hillsdale for 21 years, is very familiar with the master plan and ensures that his decisions are in keeping with its goals. The engineer currently does not have a formal contract or agreement with the borough, but does file a stipulation of fees as required by law. The engineer also attends the two meetings each month.

The engineer takes an active role in securing grants for the borough whenever the opportunity avails itself. He recently secured a \$75,000 grant through The New Jersey Department of Environmental Protection (NJDEP) to mine a local landfill site. The 12 acre landfill site which was closed in 1985, was controlled by the DPW superintendent and had been used by the local residents to dispose of various types of household waste and white goods. Hillsdale was one of only three municipalities to receive grants for this type of project. Landfill mining, as the name implies, is digging up items in a landfill. The intent is to mine 200 cubic yards of material. The machine used in the operation will sort and separate material so that they can determine whether the material can be recycled.

#### **Recommendation:**

**The board should consider some form of competitive proposal when preparing to renew the agreement for professional services to ensure the engineering rate is competitive and appropriate. The borough should include a "not to exceed amount" in all agreements for professional services.**

#### **Public Works**

The function of the department of public works (DPW) is to maintain the borough's streets, public grounds and buildings. Within the borough's 2.9 square miles there are 44 miles of local and nine miles of county roads. This department provides to the community a higher level of service than seen in most municipalities. Examples of this higher level of service are the level of maintenance performed for the local parks and fields including field lining/painting, cleaning, improvements and lime/fertilizing and operating a recycling center even though curbside pick up of recycling material is also provided. Salaries and direct benefits for 1996 totaled \$588,849 and other expenses were \$80,888 for a total operating expense of \$669,737. The value of benefits such as vacation, sick time, leave or pay and holidays for this function was \$116,043.

### **Facilities**

The public works facility is located just outside of the downtown business district and consists of two permanent buildings and a salt shed. The main building is an eight bay concrete block garage with two offices. The other building houses the parks division equipment, as well as the sign making operation. The grounds are well maintained and the buildings appear to be in good condition. Two bays in the main garage are designated for the maintenance and repairs of the borough vehicles and equipment. One bay is equipped with a ramp/pit combination and the other is equipped with a light duty lift.

### **Mission Statement, Policies and Procedures**

There is no mission statement which clearly defines the purpose of the public works department nor are there written policies and procedures outlining the public works operation responsibilities.

### **Recommendation:**

**We recommend that the superintendent, in conjunction with the business administrator, consider the development of a mission statement and a policies and procedures manual for the department. It should include the assignment and use of vehicles and equipment as well as the various responsibilities, operating procedures (e.g. the borough's bidding and purchasing process) daily routines, weekly, monthly and seasonal functions.**

### **Staffing**

The public works department is directed by a superintendent who is supported by one foreman. The staffing includes one mechanic and seven general assignment workers. During the leaf collection and snow plowing season twelve seasonal workers are also employed. The bulk of daily operations are carried out Monday through Friday from 7:00 a.m. to 3:10 p.m. With the exception of weekend emergencies, Saturday operations are limited to recycling activities.

The superintendent indicated that on a daily basis he spends three to four hours performing clerical work, e.g. processing bills for payment, filing, writing reports, and answering general questions from residents, either by phone or in person at the facility. Much of this work could be performed by a part-time clerk. If a clerk were hired to perform these functions, the superintendent would be free to review and analyze the various functions of his operation, determine actual costs of those operations and compare his costs to those in the private sector. He could find ways to consolidate or eliminate tasks and pursue shared services with surrounding communities.

### **Recommendation:**

**The borough should hire a part-time clerk to relieve the superintendent of clerical duties. If the superintendent's clerical activities were reduced by three hours per day a productivity enhancement of \$23,166 could be realized. This would free the superintendent to pursue the tasks identified above as appropriate to his position.**

**Productivity Enhancement: \$23,166  
Value Added Expense: \$7,800**

### **Work Load**

During 1996, the major operational areas for public works consisted of snow plow/salting, mechanical repairs and leaf removal. These three areas account for 13.5%, 11.10% and 14.12% respectively or 38.7% of the yearly work effort. The other major use of time is various forms of leave. Vacation, sick, holidays, injury and personal leave accounted for 18.23% of the 1996 work year. The remaining 17 functions performed by public works accounted for 43% of the work effort for an average of 2.5% for each function.

The business administrator maintains a time allocation spreadsheet for all DPW activity. Although the total hours for each function are recorded, the work completed for those hours is not quantified. To determine the cost effectiveness of an operation, work logs quantifying the work completed, as well as the equipment and fuel cost



must be maintained in conjunction with the time allocation spreadsheet. The time/work/equipment cost/fuel data can be compared to industry benchmarks as a true indicator of cost effectiveness. This same data can also be used to determine the cost effectiveness of outsourcing different operational areas.

**Recommendation:**

**Work logs quantifying the work completed should be maintained. Work logs should capture time/work/equipment and fuel costs for each job performed.**

The superintendent should pursue areas for shared services and possible sources of additional income. This should not only include service within the borough, but outside as well. One possible area might be line painting and field maintenance at Pascack Valley High School. Currently, the school uses a home made line painting machine which is difficult to operate and staff spends approximately one day per week at this function. Annual salary costs of this effort are approximately \$3,000, excluding materials. With the equipment and experience of the borough public works crew, it is estimated that this effort could be cut by one third to one half resulting in a cost reduction of \$1,000 to \$1,500 to the school district and a similar revenue for the borough.

**Recommendation:**

**We suggest that the DPW superintendent pursue areas for shared services and possible sources of income.**

**Revenue Enhancement: \$1,000 - \$1,500**

**Sanitation**

In 1992, the borough, facing rising in-house costs, contracted out for the collection of municipal waste and recycling material. The borough signed a five year contract and laid off a number of employees. As a result it saved \$1,000,000 over the life of the contract. The cost of the contract was \$345,600 in its first year escalating to \$374,088 in its last year for a total of \$1,798,515. In May of 1997, the borough renewed its contract for another five years totaling \$2,227,510. The total ten year savings will be at least \$1,500,000.

**The borough is commended for seeking alternative delivery mechanisms in order to reduce the cost of municipal services.**

**Recommendation:**

**In light of the recent deregulation order, we suggest that the borough work to ensure that the savings in tipping fees being realized by haulers be passed on to the borough and ultimately to the taxpayer. One approach to this issue would be for borough counsel to review the contract for a reopening clause tied to the change in law established by the courts.**

**Street Sweeping**

The borough's sweeper is a 1987 Elgin and is close to retirement. Considering the capital expense of purchasing a new machine and the operational cost, street sweeping is seldom a cost effective operation. The cost of a sweeper is approximately \$125,000. Assuming a ten year life span, the cost, including debt service interest of 5%, will be \$15,900. Excluding fuel and oil, maintenance and operating expenses will run approximately \$3,000 per year. Sweeping all streets five times per year, salary and direct benefit costs are approximately \$18,220. If the sweeper is replaced, the estimated total annual expense for sweeping the streets five times, will be approximately \$37,120. Fifty three miles of road gives you an equivalent of 106 curb miles or at five revolutions 530 curb miles. Therefore, the average cost is approximately \$70.03 per curb mile.

Street sweeping contracts range from \$40 to \$90 per curb mile. For example, Ringwood outsourced its street sweeping operation for a contract price of \$46.25 per curb mile. If Hillsdale Borough were to reduce its cost per mile to approximately \$50, a savings of \$10,615 could be realized.

## **Recommendation:**

**The borough should consider contracting out future street sweeping when the current sweeper is retired. This could be done through either private enterprise or by sharing services with another municipality.**

**Cost Savings: \$10,615**

## **Leaf Collection**

As stated earlier, 1996 leaf collection accounted for 14.12% of the work effort to dispose of 5,402 compacted cubic yards (CCY) of leaves. This equates to 2,458 staff hours, or 1.2 FTE. A break down of the hours are 1,760 regular, 162 in overtime and 578 were for lower paid, part-time workers. The 1996 salary and direct benefit costs associated with leaf collection were approximately \$59,824. Tipping fees, @ \$4.00 per CCY, for 5,402 CCY of leaves amounted to \$21,608. Fuel, equipment and maintenance costs are estimated at \$4,000, for a total cost of approximately \$85,432. Leaf removal is usually the singularly most labor and equipment intensive program many municipalities undertake. There are three basic leaf collection methods and within these methods there are variations of each. They are:

- **No leaf collection:** Two local communities, Saddle River and Upper Saddle River have opted for this method.
- **Collect leaves from the street:** Residents place their leaves in the street where they are gathered, loaded and transported to a composting site. Hillsdale, Park Ridge and Woodcliff Lakes are three local communities that use this method.
- **Curbside collection:** This program allows residents to place their leaves in compostable bags which are then picked up at curbside. The leaves are collected by private vendor either once or twice a week depending on volume. Montvale and Emerson are two communities that use this method. Montvale estimated its 1996 collection costs to be \$41,000 for 1,335 compacted cubic yards of leaves. This includes \$18,000 for collection, \$3,000 in tipping fees (\$2.25 per CCY) and \$20,000 for leaf bags.

While most municipalities feel that their system is the best, many do not collect enough data to accurately determine if the operation is cost effective or if outsourcing should be considered. The use of three compactor trucks for the collection and hauling of leaves should be questioned. Two of the three vehicles are 15 years old and the cost of maintaining these trucks for a once a year operation, which lasts for eight to ten weeks, is not cost effective. The use of these vehicles was also questioned in the report issued by the vehicle maintenance consultants in February, 1997.

The borough should be concerned with the long term costs of this method of leaf collection. The borough should explore alternative methods of leaf collection before the three trucks require replacement. Using the lowest estimate of \$125,000, three new trucks would cost approximately \$375,000. Based on a ten year life cycle, including the debt service interest of 5%, yearly payments would be \$47,724. While it is estimated that alternative methods would cost close to the current disposal rate, the borough can avoid the cost associated with replacing and maintaining the trucks by contracting for the service.

### **Recommendations:**

**The borough is urged to explore alternative methods of leaf collection. One method that should be considered is the method used by Montvale. In conjunction with leaf collection, the borough should consider outsourcing the street sweeping operation and, perhaps, bidding the two operations as one.**

**Cost Avoidance: \$47,725 per year for 10 years**

**It is recommended that the borough seek alternative disposal sites to reduce tipping fees. If the borough could reduce its fees to \$2.50 per CCY a savings of \$8,103 could be realized.**

**Cost Savings: \$8,103**

### **Recycling**

As part of the contract for solid waste removal, the borough included curbside recycling pick up. In 1996, the borough disposed of 5,459 tons of recyclable material which accounted for 56% of its waste stream.

Curbside pick up is scheduled for every Wednesday, with alternating pick up days for commingled and paper/cardboard/junk mail. This allows for the pick up of each group at least twice a month. In addition to curbside pick up, the borough operates a recycling center at the public works facility. Since the borough has a five year contract for solid waste and recycling collection, it is difficult to justify the continued operation of the recycling center. This is especially true when overtime is involved. The collection provided by the borough, through curbside pick up, should be sufficient to collect all recyclable material within the borough. The 1996 salaries and direct benefit costs of operating the recycling center were approximately \$4,922. In addition, container rental fees for cardboard and other material (e.g. plastic, metal and tree branches) are \$3,600 and \$4,800 per year, respectively.

It should be noted that in 1996, 150 of the 259 hours devoted to recycling were for lower paid part time workers. The public works employees filed a grievance due to the use of the part-time employees and won in mediation. Paying full-time employees overtime to operate the center on Saturdays increased the operating costs for 1997. If the center is open for 6.5 hours every Saturday, using the lowest paid employee at the 1996 base salary overtime rate, the salary costs for operating the center on just Saturdays will be approximately \$9,849. Therefore, the total cost for operating the center is conservatively estimated to have been \$18,249 in 1997.

### **Recommendation:**

**The borough is urged to consider closing the recycling operation at the public works facility.**

**Cost Savings \$8,400 in other expenses; \$4,922 in salaries;**

**Cost Avoidance: \$9,849**

**Total Savings: \$23,171**

### **Vehicle Maintenance**

In 1996, the public works fleet consisted of 24 vehicles, four mowers, one tractor and one infield machine. In addition to its own fleet, DPW maintains seven vehicles for the police department and three buses for the local school board for a total of 34 vehicles. Salary and direct benefit costs were approximately \$57,637, material and outside parts and labor were \$49,165, for a total cost of \$106,802. The 1996 average annual repair cost of vehicle maintenance was \$3,141. It should be remembered that commercial maintenance contracts are formulated on fleets that are between 1-3 years old and made up of 100 vehicles or more. The typical per vehicle cost of such contracts are \$2,700. The average age of the borough's fleet is eleven years. Based on the average vehicle age and equipment type, the cost of maintaining the borough's vehicles is not out of line with industry standards.

While the above data provides average vehicle costs, the borough should pursue collecting data which will provide actual costs, by vehicle, in order to determine the cost of maintaining each vehicle.

The borough took the initiative to bring in outside consultants to review its maintenance and repair operation. The consultants covered five areas of operation and made a number of recommendations under each area. Topics covered were the central shop, shop management, parts, tires and warranty programs. The consultants also performed a complete inspection of 40 vehicles. As a result of their review, the consultants made a number of recommendations for each area including mechanic training and certification, development of preventive maintenance sheets, tool purchasing, maintenance management system, equipment security, initiate shop repair orders, condition reports, and inventory control and reduction, among others.

The report also provides the borough with an assessment of the fleet's condition and its management. The report shows the operation's strong points as well as areas in need of attention. Many of the recommendations will allow the borough to maximize vehicle usage and improve the cost effectiveness of the vehicle maintenance operation.

**The borough is commended for taking the initiative to bring in a consultant to review its maintenance and repair operation.**

#### **Recommendations:**

**It is recommended that the borough identify its actual costs before it implements the consultants' recommendations, since total outsourcing may be the most cost effective measure. If it is determined that in-house repairs are cost effective, it is recommended that the borough implement the remainder of the consultants' recommendations.**

**It is recommended that the borough remove the lawn mowers that were disposed of from its inventory. The policy should be to remove all equipment as it is disposed of to ensure inventory accuracy.**

### **Sewer and Water Utilities**

The borough's water is supplied by the United Water Company. Residents are billed directly based on meter readings. The borough has approximately 400 fire hydrants at a cost of \$120,000 per year for unlimited water use.

Sewerage from the borough is processed by the Bergen County Utility Authority in Little Ferry and all sewerage flow is metered for both liquid and solids. The authority meters flows for a 12 month period beginning each January 1 and ending December 31. Residents are billed a share of the sewer cost proportional to their share of assessed value. The flow for that period is calculated and billed back to the borough during the next calendar year, collected in quarterly payments. The 1996 sanitation flow charges were \$585,234.

The borough maintains its own sewer lines and is equipped to perform repairs as required. As part of its maintenance program, the borough shares a sewer camera with eight local towns which is used to monitor lines for clogs and infiltration. The borough also shares a sewer jet, which is used to flush the lines, and a catch basin cleaner with Washington. Costs associated with maintaining the sewer system were \$12,337 in salaries and wages, based on position values, and an estimated \$355 in maintenance and fuel costs for a total of \$12,692.

**The borough is commended for its efforts to reduce costs by sharing equipment with other local municipalities.**

### **POLICE**

Demographically, Hillsdale is most similar to the following Bergen County municipalities: Park Ridge, Washington Township and Cresskill.

Of those communities, Hillsdale has the second highest crime rate per 1,000 population (7.7). The total number of crimes reported in the crime index of the Uniform Crime report, which is published by the State of New Jersey, Division of Criminal Justice each year, were 76, two of which were violent crimes. Most of the crime in all of these communities over the past two years has been in the form of larceny, burglary and domestic violence.

The Hillsdale Police Department salaries and benefits including dispatch, crossing guards and grant funded positions totaled \$1,857,571 in 1996. Overtime amounted to \$105,193 and other expenses were \$115,984 for a total operating cost of \$2,078,748. The value of benefits such as vacation, sick time, leave or pay and holidays for this function was \$322,076.

### **Service**

The level of service provided by the department appears to be high with an emphasis on community oriented services for both the youth and the elderly of the borough. These services are provided by five different officers. An officer is in a school 2-3 times per week presenting the Danger Stranger; 911 training; driving safety, and DARE programs. Programs for seniors include a call in program for seniors living alone, crime prevention education and the 50+ quality of life program.

### **Staffing**

Uniform officer staffing of 18 can be considered conservative when compared with the three benchmark communities which have between 18 and 22 uniformed officers. Hillsdale's department has a chief, a lieutenant, three sergeants, eleven patrol officers, two detectives and two clerical staff.

Given the size of the staff and the size of the community, it is difficult to limit costs through staffing changes. The geographic area and crime experience of the community warrant two patrol sectors. Three officers are required to assure an appropriate level of backup in the event of an arrest or other major incident. Hillsdale has made a genuine, if not completely successful, effort to limit the costs of this backup by using officers for multiple purposes.

The team used a beat patrol analysis to identify the number of officers required based on two beats and the existing 5/2-5/3 schedule. The analysis indicates that 10.36 officers are needed to staff this patrol schedule. This is consistent with the eleven patrol officers that are actually available. The same technique indicates that staffing a schedule with three officers, three shifts per day would require 15.78 officers. This is 1.78 more than the eleven patrol officers and three sergeants that the department currently has assigned to this duty.

The most cost effective solution for Hillsdale is one that was examined seriously by Hillsdale in the recent past but was not implemented. That is consolidation with another community with a similarly low crime rate, small population and small area. This could enable a reduction in staffing costs of half the total of the staff positions (chief, lieutenant, one clerical, three sergeants) while maintaining eleven officers to cover two beats all shifts.

Regionalization refers to a situation where entities are combined and their functions are assumed by the regional agency. In this case the local police department would be disbanded and consolidated with another municipality. Participation would be established by ordinance granting authority for the regional police department to enforce each of the municipality's ordinances and regulations.

A more moderate alternative would be to contract to share coverage with another community during the quietest shifts. This would allow a staffing level of four patrol officers over two jurisdictions. This scenario would allow a reduction in staff of one sergeant.

Maintaining the availability of three officers for safety reasons with the existing staff and a civilianized dispatch would require a rethinking of the scheduling of existing staff. One suggestion would be to schedule the chief, two patrol officers and a detective during the day; the lieutenant, a detective and two patrol officers during the evening and a sergeant and two patrol officers at night. This schedule would enable the department to reduce staff by one sergeant.

The department has four officers who have served in excess of 25 years. The salary and direct benefits costs of these officers is \$383,247. If staff size remained the same, officers with more than 25 years retired and new officers were hired, there would be a savings of more than \$145,000.

#### **Recommendations:**

**The municipality should consider the following options:**

**Option 1: Consolidation would save the municipality approximately half the administrative and supervisory overhead currently spent, with the same schedule and the same number of officers on the beat. Consolidation would have to take into account the provisions of N.J.S.A. 40:8A-6.1 of the Interlocal Services Act which pertains to the consolidation of police forces in New Jersey.**

**Cost Savings: \$265,849**

**Option 2: Share the slower shifts with another police department.**

**Cost Savings: \$96,403**

**Option 3: Until another option is implemented or if another option is not selected, change the schedule of detectives and ranking officers in order to more effectively provide the third officer needed in the event of an arrest or a major incident.**

**Cost Savings: \$96,403**

**If either of the first two options are considered it is recommended that the borough pursue funding from the “Joint Service Incentive Program” administered by the Division of Local Government Services within the Department of Community Affairs.**

#### **Schedule**

The police department operates on a 5-2/5-3 rotating eight-hour shift schedule. This calculates out to 1,946.6 hours per year. A traditional 40-hour workweek is a 5-2/5-2 eight-hour shift schedule which equates to 2,080 hours annually. The schedule below shows the impact of the 5-2/5-3 schedule on staffing requirements. This costs the department 2,401 hours annually which equates to approximately \$73,208 in lost productivity based on the average salary of the 14 officers currently assuming patrol duties.

An alternative to the traditional schedule which results in 2,080 hours worked annually, while providing extra days off, is the 4 on 3 off, 3 on 4 off 12-hour shift schedule. Any such change in schedule should include a limit of sick and vacation time to the current number of hours or less.

<b>Schedule</b>	<b>Staffing per Shift</b>	<b>Patrol Staff Required</b>
5-2/5-3	3	15.78
5-2/5-3	2	10.52
5-2/5-2	3	14.57
5-2/5-3	2-3-2	12.28
5-2/5-2	2-3-2	11.33
5-2/5-2	2	9.71
4-3/3-4	2	9.06
4-3/3-4	3	13.59

#### **Recommendation:**

**It is recommended that the schedule be negotiated to a 5-2/5-2 or a 4-3/3-4 schedule.**

**Cost Savings: \$73,208**

#### **Detective Bureau**

The detective bureau consists of two detectives. They have a case clearance rate of 38% which is well above the state average of approximately 20% and the county average of 22%. The department did not replace a detective sergeant who retired in 1996 producing an estimated cost savings of \$85,000.

**The borough is commended for implementing this cost savings measure while still maintaining a high level of success.**

#### **Dispatch**

Total calls for service received in 1996 were 9,840. They averaged .77 calls per hour on the first shift; 1.4 calls per hour on the second shift and 1.2 calls per hour on the third shift. Emergency 911 dispatch is provided for all emergency services in Hillsdale through a contract with Paramus. Dispatch is staffed by a uniformed officer 55% of the time and by civilians 45% of the time. The average salary and benefit cost for dispatchers is \$30,185, or \$124.03 per shift worked, while the average salary and benefit cost for uniformed officers performing the dispatch function is \$81,323 or \$334.15 per shift worked. There are a total of 1,095 shifts worked annually. Civilianizing dispatch completely could save the borough approximately \$126,525.

An alternative to staffing dispatch within the police department would be to participate in a regional dispatch service. If one estimated a civilian dispatch to cost Hillsdale \$135,980, it is reasonable to expect that sharing services with just one other town would cost approximately half that, given the low volume of calls thus the borough could conceivably save an additional \$70,000. Thus sharing services with another community could save as much as \$196,525 based on Hillsdale's current dispatch costs.

#### **Recommendation:**

**It is recommended that the borough either regionalize or civilianize its dispatch.**

**Cost Savings: \$126,525 - \$196,525**

#### **Overtime**

According to the 1996 year end detailed expenditure report, non-court overtime was \$105,193. The department stated that this was due to the need to cover for an officer who was seriously ill. Since the department spent \$71,327.26 in 1995, only approximately one third of this amount is explained by the officer's illness.

The primary factors driving the overtime are the 5/2-5/3 schedule and the requirement that three officers be on at all times. This is substantiated by the fact that over \$50,000 was expended on schedule coverage and more than \$41,000 was expended because of illness absence. This overtime costs three tours of duty per week. It is believed, therefore, that a benefit of implementing any of the preceding staffing and schedule recommendations would be a significant reduction in overtime.

#### **Recommendation:**

**It is recommended that staffing, leave policies and scheduling be examined to limit overtime. It is believed that implementation of the schedule and staffing improvements recommended above would decrease overtime dramatically though we have chosen to use a very conservative estimate of that potential savings.**

**Cost Savings: \$25,000**

The 1996 budget appropriation for overtime was \$4,500 for court staff and the 1996 expended amount was \$4,479. In the recent past, the court sessions began in the mid-afternoon and, therefore, overlapped with regular court staff hours. With the change to the 4:00 p.m. start time, the court session required more overtime hours for court staff.

The 1996 budget appropriation for police overtime related to court appearances was \$10,000. The 1996 expended amount was \$15,179. The over-expenditures for police overtime were made up in the police department's regular salary account. In the recent past, the court sessions began in the mid-afternoon and therefore overlapped two police shifts. With the change to the 4:00 p.m. start time, the court session only coincides with the evening shift. It is not clear that the court and police have done everything possible to limit overtime since \$15,179 is equivalent to at least five police officers on overtime per court session.

**Recommendation:**

**It is recommended that the borough more closely monitor overtime and consider scheduling in a manner that will minimize police overtime and bring it in line with the appropriated amount. Because of the size of the police department, the best way to reduce overtime would be to either hold shorter more frequent court sessions or to hold court sessions that overlap shifts and schedule cases within a session according to the shift. In addition, we suggest that court scheduling be done so as to limit officers being scheduled for court to no more than once per month, to the extent possible.**

**Cost Savings: \$7,000**

**Fire**

Hillsdale's volunteer fire department is managed by a chief, an assistant chief, two captains and four lieutenants, and has a total of 65 volunteers. The officers are paid stipends for their efforts. All volunteers who attend 50% or more of the drills are given a \$340 per year clothing allowance. Of the 65 volunteers, 58 met this requirement in 1996. According to the 1996 detailed expenditure report, the total cost of the department to the municipality was \$196,804. \$110,267 of this amount is the charge for hydrant service. \$88,062 covered all operating expenses. The department answered 251 fire or emergency calls in 1996.

The following is a list of equipment:

- 1961 ladder truck
- 1965 1,250 gallon pumper
- 1976 1,250 gallon pumper
- 1980 rescue truck
- 1983 Crown Victoria
- 1996 2,000 gallon pumper

The department is planning to retire two apparatus, a rescue vehicle and a 1961 ladder truck to obtain one new apparatus to fulfill the function of the two it replaces. The market value of the two retiring apparatus is approximately \$60,000. The expected savings on having to maintain one apparatus as opposed to two is estimated at approximately \$6,000 per year or \$120,000 over a twenty year asset. The new apparatus is expected to cost approximately \$500,000. The net cost of the new apparatus is \$320,000 plus debt service. Other communities have experienced inflated prices for fire apparatus and have resolved to spend only a certain amount. After complying with the "Local Public Contracts Law" (40A:11-5.3(I) (ii) (iii)) prices meeting their estimates have been obtained.

The department has mutual aid agreements with the following municipalities:

- Westwood
- Washington Township
- Woodcliff Lakes
- Park Ridge



- Emerson
- Old Tappan
- River Vale

**The borough is commended for its use of volunteers. This activity provides a much needed service and saves the taxpayers considerable expense.**

**Recommendation:**

**It is recommended that the municipality consider looking at fire apparatus as a truck chassis and a diesel engine with a power take-off to run the attached equipment. Then cost out the attached fire apparatus separately. By doing this, the municipality can establish a price that is reasonable and resolve to spend only that amount to purchase the equipment.**

**Cost Savings: \$30,000 (5%)**

## **EMS**

Hillsdale has a volunteer EMS operation. The organization is administered by a president, a vice president, a secretary, and a treasurer. The operation is supervised by the captain and the lieutenant. The squad is staffed by 17 volunteers, 16 technicians and one driver with two additional personnel in training. The squad operates one ambulance that is replaced by the squad approximately every seven years. The squad provides its own routine vehicle maintenance with use of the public works department garage and tools. The police, fire and public works departments lend full cooperation and support to the squad. Dispatch is through 911 at Paramus to the local police department. The organization received an appropriation of \$18,750 in 1996 from the borough. EMS reimburses the borough \$14,500 for insurance coverage.

In 1996 the squad answered 518 calls. Hillsdale and Washington Township actively cover each other on a scheduled basis. Cooperation between the two communities is such that when Hillsdale's ambulance was down for extended maintenance the two squads operated as one by adding Hillsdale's volunteers to the Washington Township roster for the duration of the crisis.

**We commend the squad for their volunteerism and their interlocal cooperation.**

## **Court**

While the team recognizes the separate authority and responsibility of the judicial branch of government, we have made the following comments and recommendations in an effort to provide the borough with information on current and potential operations, procedures and programs available to the court. Recommendations are made with the knowledge that further review and approval will be required by appropriate judiciary personnel.

### **Caseload**

During 1996, the court disposed of 2,170 traffic and 297 criminal cases. Cases disposed are fairly equivalent to be added during a given month so there is no backlog. Twenty-four court sessions were held, averaging 103 cases per session and six hours in duration.

### **Staffing**

The Hillsdale Municipal Court is staffed by one judge, a full-time court administrator and a part-time deputy. The judge has served in the borough for the past three years and is also a practicing attorney. The court administrator and deputy have been with the borough for 8.5 and 3.5 years respectively. The deputy's time is split between court duties and serving as backup to the general staff answering the phones and performing general counter work. Her current work schedule requires that the phone and counter be covered between 8:00 a.m. and 9:00 a.m. and from

1:00 p.m. to 4:00 p.m. The deputy is responsible to the municipal court for three hours a day between 9:00 a.m. and 12:00 p.m. and when court is in session. In 1996 the deputy court administrator worked a total of 102.25 court session hours and in 1997 she worked 144.25 court session hours.

**The borough is commended for efficient use of staff; the specific designation of hours is effective in assuring that the appropriate amount of time is spent on court matters.**

#### **Costs**

The salaries, direct benefits and overtime paid in 1996 to the judge and court administrator totaled \$51,330. The judge does not receive medical benefits. The half time deputy court administrator's cost for court-related work is \$19,352. Other expenditures were \$4,327, prosecutor costs were \$6,639 and public defender costs were \$1,250, bringing total costs to \$82,898. An additional \$15,179 is spent for court overtime for police officers bringing the grand total to \$98,077 against a 1996 audited municipal revenue of \$95,377. The value of benefits such as vacation, sick time, leave or pay and holidays for this function was \$7,035.

#### **Automation**

The court administrator uses a terminal for entering the data to the Automated Traffic System (ATS) and Automated Criminal System (ACS). This is connected via modem to the Administrative Office of the Court's (AOC's) computer system in Trenton. There is no other computer available to the court administrator. Correspondence is prepared on an electronic typewriter and miscellaneous calculations are computed on a calculator and logged by hand.

#### **Recommendation:**

**Provide the court with a personal computer with word processing and spreadsheet capabilities to improve the productivity of the office.**

**Value Added Expense: \$2,500**

#### **Facilities**

Court is held in the council chambers in the borough hall on the main floor of the building. Court sessions are held twice a month at 4:00 p.m. and typically last six hours. The courtroom is adequate and there is a separate entrance for the judge to enter the courtroom. The court administrator prepares the room and the sessions are conducted without interruption and in a precise and organized manner. The judge and his assistant, either the court administrator or the deputy, sit at the same table used by the borough council. The bench is equipped with a protective shield and a panic button, as prescribed by the AOC.

All fines are taken in the main office area, at an open counter, which is located directly opposite the courtroom.

#### **Recommendation:**

**The borough is commended for optimizing the use of its municipal facilities. The borough is encouraged to address the specific needs of the court operation as part of a renovation of the municipal building.**

#### **Library**

Hillsdale Public Library is a municipal library operated and managed by a director under the guidance of a mayor-appointed, council-approved board of directors. The library is open 50 hours per week with limited evening and weekend hours.

The library experienced a downward trend in circulation between 1993 and 1995. In 1996 this trend reversed with an increase of almost 10,000 circulations or 12% to 92,580. This amounts to a per capita circulation of 9.3 which

is higher than the average for those libraries in the same population and expenditure categories. The increase in circulation coincided with the start of a new library director in mid-1996 who instituted many changes including:

- Repainting and repairing the building.
- Assuring that the materials in the library were properly shelved.
- Purchasing paperbacks which are both less expensive and more popular.
- Purchasing CDs, audiobooks, more children's videos and other items designed to meet the interests of the patrons.
- Adding a young adult collection/section to the library.

### **Revenues and Expenditures**

According to the 1996 report submitted by Hillsdale to the state library, the library expended \$242,987 for salaries and direct benefits and \$87,071 in other expenses. The other expenses reported to the state exceeded those reported in the borough's 1996 detailed expenditure report by \$30,000. In addition, within the borough's expenditure record, there is a line called "direct support to the library" amounting to \$35,000. Therefore, approximately \$65,000 is being expended without the benefit of approval of the purpose by local elected officials. In addition to the above identified expenditures, the value of benefits such as vacation, sick time, leave or pay and holidays for this function was \$23,178.

Revenues identified in the state report accruing to the library included \$302,305 in municipal aid, \$9,320 in state aid, \$5,675 in surplus carried forward and \$44,070 in other revenue. Only the direct municipal aid amount was reflected in the municipal budget. In 1997 the borough provided an additional \$20,000 in funding to facilitate a computer upgrade required by the Bergen County Cooperative Library System (BCCLS). The required one third of a mill expenditure for 1996 was \$290,817. The expenditures reported by the municipality for 1996 were \$296,863, or \$6,046 more than required by state law. It is possible that more accurate reporting of revenues and planned expenditures could enable the borough to limit its property tax support of the library to the required one third of a mill.

### **Recommendation:**

**It is recommended that the library board work cooperatively with the community's elected representatives to develop and implement a thorough and detailed budget that is responsive to the needs of the community. This budget should include a thorough accounting of revenues and expenditures for the year and although it is not required by law, in order to increase the efficiency of library operations, it is recommended that purchasing, to the extent that it does not interfere with the timely acquisition of materials, be conducted in cooperation with the borough.**

**Cost Savings: \$6,000**

### **Support Services**

The library pays approximately \$53,000 back to the borough for insurance, payroll and utility services. The library contracts for lawn and shrub maintenance at a cost of \$5,000 to \$6,000, depending on how the grass grows, and snow removal at a cost of \$1,000 to \$4,000, depending on the frequency and amount of snowfall. Building maintenance is provided by a custodian in the employ of the library.

### **Recommendation:**

**It is recommended that the library enter into an arrangement with the borough to include library snow removal, building cleaning and maintenance and grounds maintenance in the borough contracts and DPW operations and to have the library either compensate the borough for the delivery of those services, or have the cost of such services subtracted from the one third of a mill in tax support provided by the borough.**

**Cost Savings: \$5,000**

### **Staff Organization**

The library professional staff consists of a director and a second full-time librarian. There are two other full-time employees, who both have college degrees. One is the supervisor of circulation and the other serves as the children's librarian. There are six other part-time paraprofessionals and a custodian. The library's FTE reported to the state in 1996 was 6.8. This is at least one person more than the average for the same population and expenditure categories. However, the significance of this finding is diminished by the fact that the circulation per FTE is significantly higher than those in the same population and expenditure category.

#### **Collection**

There are 50,445 volumes in the collection or 5.08 volumes per capita. The fiction collection is considered strong and up to date. The turnover of the collection is 1.8 times which is higher than that of libraries in the same expenditure and population categories. This indicates that the collection is fairly well used. The library director feels that the nonfiction collection is in need of updating. To accomplish this, the director has identified alternative funds including a gift of \$1,500 dedicated to improving the nonfiction collection and a \$3,500 State Library collection development grant for expanding the young adult collection.

#### **Facility**

The library building is a structure formerly used as a residence that was originally constructed in 1850 and added on to in 1972. The building encompasses 13,536 square feet of space on three floors, has 94 "reading seats" and 24 parking spaces. The facility is challenging for several reasons but, perhaps, the most significant is that the divided nature of the building increases the number of staff required on duty at one time, which in turn limits the number of hours the library can open. Since the arrival of the current library director the building has been painted and long standing repair projects were undertaken. Discussions had taken place with another community to build a new more efficiently designed joint library facility. Statutory obstacles interfered with this cooperative effort and at this point appears to have made construction of a new facility cost prohibitive.

#### **Cooperative Efforts**

The library has sold services to the municipality of Woodcliff Lakes for more than twenty two years. The current revenue from this source is \$23,100.

The library is a charter member of BCCLS which was established in 1986 to provide support services to libraries in Bergen County. The services currently provided include automated catalog, acquisitions, and circulation, access to the library utility, OCLC, access to **The Bergen Record** on line, and a rotating audio book collection. The 1998 bill for this service was just under \$16,000 and is a cost effective means for a small library to access costly automated resources.

**The borough is commended for accessing cooperative arrangements as they are possible.**

The Friends of the Library in Hillsdale identifies items to purchase and purchases them for the library.

#### **Recommendation:**

**It is commendable that members of the Hillsdale community take interest in and support their library. To make the most of this generosity it is recommended that the friends group base its purchases on a list of priorities solicited from the library staff so that the contributions are consistent with and augment the overall spending and development plan for the library.**

#### **Conclusion**

The Hillsdale Public Library will only be able to increase services in a cost efficient way if it can do so in joint venture with other communities. Current statutes prevent this from occurring because they remove the cost savings incentive (see the statutory reform section).

## **Health**

### **Organization and Staffing**

The Hillsdale Health Department is overseen by an autonomous board of health. The seven members of the board must be borough residents and are appointed by the mayor with the approval of the borough council. The mission of the board is to maintain, protect and prolong the health of each resident through organized community prevention and health education efforts. The board is required by state law to meet the minimum standards of performance (N.J.A.C. Title 8:51) in providing health services and programs.

The department is staffed by a health officer/sanitarian, public health nurse, and secretary/registrar. The secretary to the municipal clerk also serves as the deputy registrar and receives annual compensation for this designation. All health department employees are appointed by the board of health and serve in a part-time capacity. The health officer is contracted through Northwest Bergen Regional Health Commission, a non-profit public health agency. Under this contract agreement, the health officer enforces the borough's sanitary ordinances as well as the sanitary laws of the state, and provides other public health services to the borough that comply with the state's requirements under the Minimum Standards of Performance for Local Boards of Health in New Jersey.

The health officer submits monthly reports to the borough which reflect the performance of various health related activities for the month, including sanitary inspections, violations, communicable diseases, animal bites, and associated administrative functions. According to the data contained in the year-to-date report for 1996, the health officer performed 69 sanitary inspections, answered 73 complaints, reported 367 cases of communicable disease, and responded to 18 animal bite incidents. Based on this information, average monthly activity during 1996 amounted to the following: 5.75 sanitary inspections, 6.08 complaints, 30.58 cases of communicable disease, and 1.5 animal bite incidents. Hours for the health officer vary according to the scheduled clinical services and contractual requirements.

Normal work hours for the secretary/registrar are 9:00 a.m. to 12:30 p.m., Monday through Friday. According to the 1996 year to date activities report, the registrar issued 53 board of health licenses, 110 marriage transcripts, 83 death transcripts, and two birth transcripts.

The public health nurse works 24½ hours per week, Tuesday through Thursday and half day Monday or Friday, with overtime being required on occasion in order to meet community needs. Traditionally, the nurse's time is split fairly evenly between home visits and scheduled clinics/programs, with total annual activity of 253 home visits, 22 blood pressure sessions, 12 child health conferences and 498 adult visits to the clinic in 1996.

### **Recommendation:**

**It is recommended that the health officer's hours be quantified in order to more accurately determine the department's workload.**

### **Fees and Financial**

Fees are determined by the board of health and are established through local ordinance. According to the registrar's records, revenues generated from health and vital statistics and retail food licenses were \$975 and \$8,425 respectively, for a grand total of \$9,400 in 1996. The value of benefits such as vacation, sick time, leave or pay and holidays for this function was \$5,056.

While it appears that the fees associated with the issuance of annual licenses and renewals for food establishments were amended in 1996, the fees for certified copies of marriage licenses, birth certificates, death certificates, legal documents, and record searches have not been increased since 1984. The borough's current fee schedule for vital statistics information is as follows (Ordinance 4-84):

Initial Copy	Additional Copy
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Marriage Certificate	\$5	\$4
Birth Certificate	\$5	\$4
Death Certificate	\$5	\$4
All other legal documents or records	\$5	\$4
Search of Files	\$5	\$5

**Recommendation:**

**It is recommended that the health department's fees be reviewed and updated on a regular basis in order to ensure that the fees being charged are sufficient to defray the costs incurred by the department. In doing so, the borough should also assess whether or not the fee schedule is comparable to other neighboring communities.**

According to the borough's records, the health department expended \$40,589 in salaries and direct benefits, \$530 for the deputy registrar, and \$35,312 in other expenses, for a total of \$76,431 in 1996. Of the other expenditures, approximately \$33,000 was for contractual services including approximately \$30,000 for the Northwest Bergen Regional Health Commission and \$3,000 for the child health conference services. As a benchmark, we compared the cost of the public health nurse on staff to the cost of contracting with a nursing agency, and found that the borough is currently spending less for nursing services than if it contracted with an agency.

Upon reviewing additional information provided by the borough, it appears that the health department is experiencing problems this year in overspending its salary and wages line. Based on the department's workload schedule for the public health nurse and the secretary/registrar, along with the board of health's ordinance for hourly wages in 1997, there will not be sufficient funding available to cover the remaining pay periods. Subsequently, the board of health submitted a request to the borough finance committee for a \$1,000 subsidy in the salary and wages overtime line in order to address this problem.

**Recommendation:**

**It is recommended that a policy regarding overtime usage be established by the board and that the amount of overtime hours allowed during the year be limited. The policy should include using overtime only for emergency situations and upon the approval of the CMFO or business administrator to assure compliance with the budget.**

**Services**

The health department is responsible for the following functions: vital statistics, licensing, sanitary inspections, animal and pest control, and the administration of the borough's health clinic and its scheduled programs throughout the year. Those services not directly provided by the department are obtained either through outside contract, donated professional services, or at the county level.

Monthly programs at the clinic include the child health conference, which is held on the fourth Wednesday of every month by appointment only, and adult health consultations which are held on the first and fourth Tuesday of each month. Annual health programs and assessments are as follows:

January	pre-school vision testing
February:	pre-school hearing testing
March:	pre-school lead testing
April:	adult hearing tests
May:	SMAC-24 blood test
June:	physicals for recreation day camp program
July:	skin cancer screening
August:	none scheduled
September:	mammography, school immunization records
October:	influenza shots

November: rabies shots, anti-smoking poster contest  
December: work with local assistance board on food for needy families

**Recommendation:**

**It is recommended that the health department identify the cost of each clinic or specialized service and charge a fee to cover those costs.**

**Revenue Enhancement: at least \$30,000**

**Reorganization**

Over the course of 1996, discussions took place during the board's monthly meetings regarding the possible regionalization of health services. Many proposals were considered by the board, from renewing its contract with Northwest Bergen Regional Health Commission to entering into an interlocal agreement with Westwood. In the end, due to a state law under the Local Health Services Act requiring six months advance notification regarding contract termination and withdrawal (N.J.S.A. 26:3A2-12), the board decided to renew its contract with Northwest Bergen for 1998 until it could further evaluate all options placed before them.

**Recommendation:**

**While we recognize the board of health's concerns regarding the quality of health services delivered to borough residents, we strongly recommend that they continue to pursue other options as a means of cost containment. At a minimum, the board should revisit the proposals submitted for consideration at the June 3, 1997 meeting. These include joining in or forming a new interlocal agreement with other neighboring communities, contracting with another regional health commission, or going with the county health department. The board must bear in mind the state's current statute regarding contract termination, and allow themselves a reasonable time frame to perform a thorough review of the options presented. If the board were to initiate this process in either January or February of a new fiscal year, they should have ample time to analyze all the proposals and make an informed decision by July 1 of the same year.**

**Welfare**

**Organization and Staffing**

Hillsdale's welfare office is directed by a five member local assistance board that meets a minimum of four times a year. The office is run by a part time welfare director who is appointed by the board and has held this position for the last thirteen years. The welfare director can be reached via a direct telephone extension in her home and is available to Hillsdale residents by appointment or on an emergency basis as needed. Since the department has no designated office space located in borough hall, there are no set hours of operation. Hours worked by the welfare director are based on individual caseload demand at a given point in time.

**Recommendation:**

**We recommend that the welfare director's hours be quantified in order to more accurately determine the department's workload.**

**Financial**

According to the borough's records, the welfare office expended \$6,394 in salaries and \$609 in other expenses, for a total of \$7,002 in 1996.

**Caseload**

As of October 1997, there were five cases being handled by the welfare director. In 1996, the average number of opened and closed cases per month was fourteen and one respectively. Average caseload for 1996 was thirteen. According to the welfare director, most of the current cases fall under the unemployable category.

Over the last three years, the caseload has decreased by 75%, from twenty cases down to the current five. The welfare director attributes this decrease to the proper application of regulatory requirements in the determination of eligibility, timely submission to the state of relevant paperwork, and recent Work First New Jersey legislative changes.

In July 1997, the welfare director assumed the responsibilities of the retiring Westwood welfare director in addition to her current duties in Hillsdale. As of October, 1997, there were ten cases in Westwood. The welfare director is currently receiving additional compensation and the borough is receiving \$3,000 for welfare services from Westwood. Hillsdale and Westwood are currently negotiating a shared services contract for 1998.

### **Reorganization**

With the recent legislative reforms that have taken place under Work First New Jersey, the borough had the opportunity to transfer services over to the county but chose not to do so, approving a resolution retaining local control of welfare. Savings that would have been realized from the regionalization were \$7,002.

### **Recommendations:**

**It is possible to reverse the decision not to merge with the county at any time by enacting another resolution agreeing to consolidation and by filing a municipal plan for consolidation with the New Jersey Department of Human Services General Assistance Coordinator.**

**Cost Savings: \$7,002**

**If Hillsdale still chooses not to merge with the county, the next best option is to pursue an interlocal agreement with Westwood. Since Westwood is the larger of the two, Westwood should be designated as the lead agency. The savings potential was calculated based on an estimate of the total cost of a combined operation, which is allocated in proportion to its share of the total caseload of one third.**

**Cost Savings: \$3,669 in reduced salary and operating costs**

## **RECREATION**

Hillsdale's recreational services consist of two primary components: the recreation department and the Stonybrook Swim Club. The two function independently of each other; each is run by its own separate commission whose members must be borough residents and are appointed by the mayor with the consent and approval of the council.

### **Recreation Department**

The Hillsdale Recreation Commission provides community wide recreational services, ranging from athletics to special events and serving all age groups. The commission is also responsible for the development of capital improvement plans for, and maintenance of, recreational lands and facilities, as well as the development of rules and regulations governing the use of recreational areas.

### **Organization and Staffing**

The recreation commission's programs and activities are coordinated and administered by a part-time recreation director who is responsible for the planning, supervising, hiring, and recruiting of all volunteers and part-time staff. The recreation director also serves as the secretary for the Hillsdale Swimming Pool Commission and, as such, must perform various administrative duties on behalf of the Stonybrook Swim Club. The current recreation director was hired in March, 1997 and works an average of 20 hours per week, with additional hours required during the swimming pool season.



Part time staffing needs vary throughout the year based on the season and the number of programs being offered at that time. Seasonal and temporary staffing totals for the last two years have ranged from 13 to 15 in program supervisory staff and 33 to 34 in summer day camp staff. Volunteers are also used throughout the year for various recreational programs, particularly for special events and holiday related activities. In addition, the recreation commission contracts out for other recreational related services for those programs and activities requiring referees, umpires, instructors, and entertainment.

### **Expenditures**

Based on the borough's 1996 expenditure report and payroll records, total expenses for all recreational activities were \$170,790 in 1996. This consists of \$26,445 in salary and wages and \$29,762 in other expenses. There was another \$114,583 for expenses associated with recreation activities, but not reflected in the recreation commission budget for park and playground maintenance activities performed by the department of public works and miscellaneous other programs such as concerts and parades.

Total recreation fee revenues reported in the 1996 audit amounted to \$25,338. Revenues, therefore, covered 15% of the total costs of recreational activities in 1996.

For purposes of analysis, the recreational programs have been divided into four categories: Athletics; Day Camp; Entertainment/Celebrations/Parks; and 50 Plus Club.

**Athletics:** 13 athletic programs were offered for a total service cost of \$42,802 in 1996. These programs generated revenues of \$9,208, covering 22% of the costs. Participation in these activities ranged from 16 to 270 and all activities appear well subscribed. The wrestling program is undertaken in conjunction with River Vale in order to assure an appropriate number of participants. A decrease in the property tax subsidy from 78% to 50% would result in a revenue enhancement of \$12,193.

**The borough is commended for improving program productivity by cooperating with another community in the delivery of the wrestling program.**

**Summer Day Camp:** The day camp is offered to children entering grades one through six five days per week for six weeks during the summer for a total of 23 hours per week. In 1996, there were 247 participants. Program costs totaled \$38,896, of which \$14,448 was for staff salaries. The 1996 fee for the program was \$60 and in 1997 it was raised to \$70. 1996 revenues of \$14,820 covered 38% of the program costs. Considering that this program provides 138 hours of service per child, even \$138 would be a reasonable charge equivalent to just one dollar per hour and it would cover 88% of the program costs. Based on 1996 participation, this policy would generate an additional \$19,266 in revenues.

**Entertainment/Celebrations:** This category includes seasonal celebrations as well as public events, such as concerts and the Memorial Day Parade. Included in this category is the maintenance of two town parks, to the extent that their maintenance is not attributed to athletics and the summer camp. Total expenditures were \$86,517 for more than a dozen events presented to the general public and families, as well as the maintenance of the parks.

**50+ Club:** This program provides bus trips and general interest activities for the senior citizens of Hillsdale. Total program expenditures were \$2,582.

### **Fees**

The fees charged for participation in Hillsdale's recreation programs and activities are developed by the recreation commission and are submitted to the mayor and council for approval. Fees may vary based on the initial cost of a particular program and other associated variable costs. The borough code does not have any policy statement regarding the establishment of fees for recreational activities. Fees should, at minimum, be examined in relation to the four categories analyzed here, as it is likely that different levels of subsidy would be appropriate for each category depending on the breadth of the appeal of the program and the program participants' ability to pay.

### **Recommendations:**

**It is recommended that the borough council and the recreation commission develop a policy regarding the level of property tax subsidy that the borough deems appropriate for recreation activities.**

**Revenue Enhancement: \$12,193 (50%)**

**Revenue Enhancement: \$19,266 (\$138 per session)**

**It is recommended that the borough collect, maintain, and monitor all data pertaining to program participation and income in order to ascertain which ones are well attended and which are not and to what degree they are self supporting.**

**It is recommended that where applicable, the borough seek out sponsorship for certain activities, such as the summer concert series, to help reduce the tax dollars expended.**

### **Stonybrook Swim Club**

The Hillsdale Swimming Pool Commission is responsible for all matters pertaining to the general supervision, control, operation, maintenance, and regulation of the Stonybrook Swim Club facility.

The Stonybrook Swim Club consists of four separate swimming pools, clubhouse, snack bar, picnic and recreation area, and on site parking. Traditionally, the swim club's summer season commences the weekend closest to May 15 and ends the weekend closest to September 15 of each year. Hours of operation for the 1997 season totaled approximately 680 hours. The club was at its maximum for membership having 1,016 family memberships in 1996. This was an increase of 6% from 960 families in 1995. The membership is 56% nonresident and 44% resident families.

The swim club finances are maintained and reported in a separate utility fund. This is commendable and appropriate and effectively establishes the entity as a self supporting municipal amenity. Based on the borough's 1996 audit report and payroll records, total expenses were \$165,703 in 1996 including \$77,842 in salaries and wages and \$87,861 in other expenses. According to the 1996 audit report, total swim club revenues were \$411,271 in 1996, of which \$366,501 were generated from the collection of membership fees. Recent years have indicated that the swim club has become self sustaining, with a surplus of \$90,000 in 1996 alone.

**The borough is commended for the maintenance of the Stonybrook Swim Club's financial self sufficiency.**

### **Fees**

Swim club fees are formulated by the commission and submitted to the mayor and borough council for approval. The fee schedule is based on place of residency and family size, with non-residents paying a 30%-40% premium over residents for memberships. Other nominal fees imposed by the swim club include a non-refundable registration fee, daily guest passes, baby-sitters who are not part of a family, and miscellaneous fees associated with swim lessons, the swim team and dive team.

### **Organization and Staffing**

The swimming pool commission secretary, who is also the recreation director, serves as the swim club administrator during the season and supports the pool manager in carrying out all administrative functions. The commission appoints a full time pool manager to oversee swim club operations during the season. The pool manager is responsible for the management of all seasonal staff as well as performing all administrative duties directly associated with running the swim club. There are two assistant managers who serve as additional managerial support to the pool manager. Historically, the swim club requires more than 30 seasonal staff including:

- 17 Lifeguards
- 7 Substitute Guards
- 2 Maintenance
- 3 Gatekeepers
- 3 Substitute Gatekeepers
- 1 Swim Coach

Over the last few years, the pool manager has experienced difficulty hiring and retaining certified lifeguards and competent staff for the swim club. He attributes this problem to a shortage of qualified individuals, along with a pay scale that may not be competitive. While the pool manager states in his reports that this is a growing trend that is fast becoming a national phenomenon, he also emphasizes the fact that this may create unforeseen problems for the swim club in the future if not properly addressed. In the meantime, the pool manager has begun running the swim club's own life guarding courses and service training programs in order to address the issue. According to the commission secretary, the swim club absorbs the costs to provide these courses and training programs for any life guards that wish to become certified, regardless of whether they are employed by the swim club or not.

**We commend the pool manager for implementing innovative solutions to staffing issues.**

#### **Recommendation:**

**It is recommended that the borough review its current pay scale for swim club staff and conduct a survey to determine if the hourly wages presently paid its pool employees are in line with other area swim clubs. Wages should then be adjusted accordingly in order to maintain employer competitiveness only if the results of the survey warrant.**

#### **Facilities**

Some concern has been expressed about the availability of adequate parking at the swim club, particularly during the height of the summer season. This issue is currently being addressed through an agreement between the borough council and the board of education which allows the swim club to use the school parking lot located behind the swim facility for excess parking. Whether the swim club is actually using the school parking lot sufficiently and taking advantage of this agreement as a means to alleviate its parking problem was not clear.

#### **Recommendation:**

**It is recommended that the borough require the swim club to utilize all parking resources available to it to the maximum capacity, including the school parking lot located behind the facility, before proceeding with any parking expansion plans. Providing shuttle services to and from the satellite parking lots could ensure safety and encourage lot usage. The borough should inventory its motor pool fleet to determine potential vehicle availability and use for this initiative; it could also identify corporate sponsorship or donated vehicles.**

The last major renovations to the swim club took place in the early 1990s when a new clubhouse was built and repiping was done. Since then, the swim club has not undergone any significant improvements. Presently, the commission is taking into consideration the issue of what will be necessary to maintain the swim club facility and its image in the future. The council authorized its last capital improvement ordinance for \$530,000 in 1995, of which the borough expended \$36,576 on the swim pool facility in 1996. The borough also issued serial bonds in 1984 in the amount of \$553,000 and paid \$50,000 in principal and \$7,806 in interest, for a total of \$57,806 in debt service in 1996.

Long term goals for the swim club include revising the pool layout and updating its design, and adding other recreational activities such as basketball and bocce ball. The commission's rationale for this proposal is that this will allow them to better serve family members with multiple aged children and hold on to family members longer by providing them with a wider range of activities for a larger span of age groups.

**Recommendation:**

**It is recommended that the borough continue to implement both short term and long term capital improvements in order to maintain the club's financial success.**

**Reorganization**

The swim club could easily be viewed as a fifth component of the community's recreation program. As such, it is possible that better and more consistent administration could occur with the merging of the swim pool and recreation functions. The team believes that this would allow the borough to manage all of its recreational resources in a way that is complementary of each other and, thus, will assure the best possible use and development of facilities. It is expected that this merger might drive a consolidation of the staffing to enable the establishment of one full time staff position responsible for many of the functions currently undertaken by a variety of part time and temporary employees.

**Recommendation:**

**While we recognize that the Hillsdale Recreation Commission and the Hillsdale Swimming Pool Commission have done exemplary jobs in providing quality services to local residents, we suggest that the borough seriously consider changing both commissions to committee status and merging the two together to form one joint Recreation/Swim Club committee. In general, we believe that the autonomy of a commission has the potential to create conflict between the appointed and elected officials of the community. Merging the two commissions together and forming one committee will provide the mayor and council with absolute accountability and responsibility, increase program efficiencies, and decrease service fragmentation.**

**III. Collective Bargaining Issues**

An area that frequently presents significant opportunities for savings is negotiated contracts. While they represent opportunities for savings, the savings and contract improvements are most likely to occur incrementally through a well conceived process of redeveloping compensation packages to be equitable and comprehensive. For this reason we present those issues subject to collective bargaining agreements separately in this section.

**Office Staff Association**

The Borough of Hillsdale Office Staff Association represents seventeen employees, including eight office staff, one administrative assistant, one police clerk, two dispatchers, one nurse, one registrar, two inspectors, and one court administrator. The duration of the current contract is January 1, 1996 to December 31, 1997.

**Sick Leave**

Full time employees receive one day for every month of service in the first year and twelve days each year after that. Part time employees are eligible for sick leave after six months of service and receive three days per year for up to two years and six days per year each successive year.

Full time employees are allowed to accumulate unused sick time from year to year up to a maximum of sixty days. Compensation for accrued sick time will be given upon retirement only. Days earned before December 31, 1996 will be valued at the employee's salary on that date. Days earned after December 31, 1996 will be valued at the salary of the employee for the year in which the days were earned.

After earning sixty days of accumulated sick leave, a full time employee may elect to take one-half pay for each additional unused sick day in lieu of accumulating sick days. As an incentive to encourage attendance, full-time employees are also given the option of taking one-third of their normal days pay for all unused sick days in the calendar year. If this option is elected, this would be in place of accumulating sick leave. Part-time employees may accumulate sick days to be used in case of extended illness, but will not be paid for unused sick time.

**Payment for unused sick leave is not the ideal solution, however, we commend the borough for at least instituting a conservative approach to compensation for sick leave.**

#### **Vacation Leave**

The borough reduced office staff vacation allowances from a total of approximately 461 over 25 years to an estimated total of 410. Employees hired after January 1, 1994 earn 10 vacation days in years 1-9; 15 in years 10-14; 20 in years 15-19; and 25 in years 20 and beyond.

#### **Personal Leave**

The borough does not offer this benefit to employees covered by this contract.

**The borough is commended for its conservative leave policy.**

#### **Educational Benefits**

Employees are reimbursed \$25 per credit upon successful completion of a course toward a degree program that has been preapproved by the borough clerk.

**The borough is commended for having a conservative one-time education incentive. However, we suggest that a policy be developed which requires that the course/degree be job related and be capped at a maximum payment determined by the borough council.**

#### **Clothing Allowance**

The police clerk and the dispatchers receive a clothing allowance of \$300 and \$175, respectively, per year for the purchase and maintenance of their uniforms. Payments are made in two equal installments, one in January and the other in July of the calendar year.

#### **Recommendation:**

**It is recommended that employees be reimbursed up to a specified amount based on presentation of receipts or that the municipality request bids on the cleaning, maintenance and purchase of uniforms.**

#### **Overtime/Compensatory Time**

The contract states that all employees will be required to work overtime when requested by the borough. All overtime must be approved by the department head prior to the employee working overtime hours. Those employees who are given compensatory time in lieu of cash payment for overtime cannot exceed the accumulation of thirty-six compensatory hours in a given year.

**The borough is commended for limiting the accumulation and use of compensatory time.**

#### **Longevity**

The current contract entitles office staff to longevity pay based upon an employee's length of continuous and uninterrupted service with the borough. Longevity increases are paid biweekly to employees hired before January 1, 1994, and are calculated as a percentage of an employee's base annual salary. Employees who were not eligible for longevity increases in 1996 had their current longevity benefits rolled into the base salaries on January 1, 1996. Employees eligible for longevity increases in 1996 had their longevity rolled into their base salaries on January 1, 1997. Longevity has been discontinued after December 31, 1996 according to the terms and conditions of the contract agreement. The borough saved \$10,367 in longevity payments in the first year.

**The borough is commended for eliminating longevity payments from its current contract with the Hillsdale Office Staff Association and the team encourages them to continue to do so in negotiating future contract agreements.**

### **Crossing Guards**

The Hillsdale Crossing Guards Association represents the 18 school crossing guards. The current contract runs from January 1, 1997 to December 31, 1998.

#### **Leave Time**

Crossing guards are paid straight time for every hour worked. They do not receive sick or vacation pay, however, they are compensated as follows:

- **Holiday Pay:** They receive the pay they would normally receive if their normal work day would occur on New Years Day, Good Friday, Thanksgiving Day and Christmas Day.
- **Attendance Incentive:** They receive two days' pay for each semester in which they miss three or fewer days.

#### **Recommendation:**

**It is recommended that the borough hire crossing guards to serve as replacements for absentees and terminate the attendance incentive program.**

**Cost Savings: \$2,640**

#### **Longevity**

The current contract terminates longevity for all individuals hired after January 1, 1995 and changes the scale for future increments for all employees hired before January 1, 1995.

**The borough is commended for controlling compensation costs by limiting the payment of longevity.**

#### **Clothing Allowance**

Crossing Guards receive a clothing allowance of \$175 per year.

#### **Recommendation:**

**It is recommended that employees be reimbursed up to a specified amount based on presentation of receipts or that the municipality request bids on the cleaning, maintenance and purchase of uniforms.**

### **Teamsters Local 945**

Teamsters Local 945 represents the nine full-time public works employees. The current contract is effective from January 1, 1996 through December 31, 1998.

**Salaries**

Members received a 2% raise in 1996, 3% raise in 1997 and 3.25% in 1998. This averages to 2.83% per year over the life of the contract. The 1996 salaries for the full time laborers were in the low \$40,000s. It appears that this was a relatively conservative salary settlement.

**Overtime**

Overtime paid at a rate of 1.5 times the hourly rate is granted for hours worked above the normal work week, which is forty hours. Overtime is restricted to emergency purposes and approval by the department head is required. Compensatory time may be chosen over pay but must be used within six months of being earned.

**Vacation Leave**

Vacation leave has been adjusted to conservative levels for employees hired after January 1, 1996. The allotments are five days for the first full year, ten days for years two through ten and fifteen days for years nine through fourteen and twenty-two days after that. Future increases for those hired before January 1, 1996 have also been limited. The net decrease in days over a 25 year period is approximately more than 92 for an estimated total of 320.

**The borough is commended for implementing a conservative vacation schedule.**

**Sick Leave**

Public Works employees receive 12 sick days after one year of service. A verification of illness is required for all absences of two days or more. Sick leave is not paid when the employee:

- Fails to carry out the physician's orders.
- The borough physician determines that the person is ill or disabled for self imposed contributory causes or actions contrary to the code of conduct.
- The injury or illness is not sufficient to justify absence from duty.
- An employee does not report to the borough physician.

Sick leave is not cumulative after January 1, 1990 and there is no payout for sick leave accrued after January 1, 1990.

**Holidays**

They have fourteen paid holidays, one of which is a floating holiday.

**The borough is commended for developing controlled and explicit leave policies.**

**Uniform Allowance**

Each employee receives \$400 annually for purchase of uniforms and shoes. This is consistent with competitive contracts for uniform rental and replacement which currently costs \$429 annually.

**Recommendation:**

**It is recommended that employees be reimbursed up to a specified amount based on presentation of receipts or that the municipality request bids on the cleaning, maintenance and purchase of uniforms.**

**Longevity**

All longevity earned prior to 1996 or during 1997 was wrapped into base pay and discontinued.

**The borough is commended for terminating longevity.**

## **Hillsdale PBA Local 207**

Hillsdale PBA local 207 represents the eleven patrol officers, two detectives and three sergeants of the police department. The current collective bargaining agreement was effective from January 1, 1994 through December 31, 1997. Several provisions in the PBA collective bargaining agreement are factors driving the cost of police protection. Hillsdale and Washington Township entered into a lawsuit which, in the end, had a very beneficial impact on arbitration. Hillsdale lost in arbitration on this last contract and appealed the arbitration decision. However, the judge in the case required that they implement the contract as arbitrated, pending the appeal. Hillsdale won the appeal but had already implemented more than was settled. It has not been possible to identify the overpayment or to get a true understanding of the difference between what the ruling stated and what was actually implemented. It is incumbent upon the administration and elected officials to assure that the interests of the taxpayer are protected by implementation of the contract in compliance with the settlement. At minimum, the pending contract should be negotiated in light of the overpayment that did occur.

**The borough is commended for its assertion of its responsibility to protect the interests of the taxpayers in negotiating labor agreements. The borough is encouraged to continue its efforts in clarifying the difference between what the ruling stated and what was actually implemented, including consulting with its labor counsel.**

### **Educational Benefits**

Police officers receive annual increments based on the number of higher education credits they have. The increments range from \$380 to \$1,200. The 1996 cost of this benefit was \$8,360.

### **Recommendation:**

**While we are supportive of the objective of encouraging the educational attainment of police officers, we recommend that the current practice be replaced with tuition reimbursement of some proportion of the cost with a cap, because this approach is more cost effective and more directly related to increasing educational attainment.**

**Cost Savings: \$4,000**

### **Longevity**

Longevity for police officers cost the borough \$59,090 in 1996. The longevity is a percentage rate applied to the base salary which begins during the last step of the patrol officer pay scale – year five. This provision is an issue because it starts during regular increases and it is a percentage and, therefore, increases with salaries. If future longevity increases were terminated, the borough would save approximately \$3,000 in 1998, based on an estimate of the longevity increases due. The current cost of longevity in the police department is approximately \$60,000 and, depending on the implementation of the termination of longevity, the total annual savings would be \$60,000 or more.

### **Recommendation:**

**It is recommended that the borough follow the precedent set in its other contracts and terminate longevity in the next contract.**

**Cost Savings: \$3,000 - \$60,000 annually**

### **Salary**

The salary scale currently in effect in Hillsdale is extremely costly. A patrol officer in his second year when the contract began, increased his salary by 64% in three years by receiving step



increases and percentage increases on steps. The base salary in this example went from \$38,041 to \$63,133, in just three years, without including education or longevity increments. A review of police contract information compiled by the New Jersey League of Municipalities shows that:

- The average reported starting salary is \$28,480. The average Bergen County starting salary is \$25,789. Hillsdale police start at \$30,550.
- The average reported top step salary is \$52,994. The average reported top step in Bergen County is \$54,098. Hillsdale's top step is \$63,133.
- An increasing number of departments are moving to seven and eight steps. The average reported number of steps in Bergen County is seven.

Here is a comparison of the impact of the current contract and the impact of lengthening the salary step schedule.

Year	Current Contract					Proposed	
	1994	1995	1996	1997	1997 %	Salary	% Increase
Training	\$30,550	\$30,550	\$30,550	\$30,550		\$28,480	
1	\$34,476	\$34,476	\$34,476	\$34,476	13%	\$30,550	7%
2	\$38,401	\$38,401	\$38,401	\$38,401	11%	\$35,000	15%
3	\$44,033	\$45,134	\$46,262	\$47,410	23%	\$38,500	10%
4	\$48,565	\$49,779	\$51,023	\$52,299	10%	\$42,000	9%
5	\$54,537	\$57,264	\$60,127	\$63,133	21%	\$45,500	8%
6				\$63,133		\$49,000	8%
7				\$63,133		\$52,500	7%
8				\$63,133		\$56,000	7%
9				\$63,133		\$59,500	6%
10				\$63,133		\$63,000	6%
10-year total base				\$583,951		\$500,000	
Sergeant	\$59,320	\$62,286	\$65,400	\$68,670	\$68,670		

#### Recommendation:

**It is recommended that the borough negotiate a thorough change in the base salaries to reduce the starting salary and to extend the schedule to as much as eleven steps, including the entry level step. Just looking at the impact of the current scale on the six officers who are not at the top of the scale, the borough could cut its salary costs by \$10,000 in 1998. The suggested revised scale saves approximately \$80,000 in the first ten years of each police officer's tenure without lowering the top step. This should be costed out in conjunction with changes in the longevity and the education increments.**

**Cost Savings: \$10,000 in the short term**

#### Clothing Allowance

Police officers received \$800 in uniform allowance in 1997. Using a "quartermaster program" the New Jersey State Police spends less than \$300 per trooper, per year. Under this program, if a trooper were to damage his/her uniform or if it was worn out, he/she would report to the quartermaster for a replacement.

#### Recommendation:

**It is recommended that the police department implement a uniform replacement policy similar to the New Jersey State Police's quartermaster program.**

**Cost Savings: \$9,000**

#### **Vacation Leave**

The current contract provides vacation leave which is very generous in relation to other recently negotiated borough contracts. Total days earned over a 25 year period equal 455. In addition, the contract has provisions that allow police to choose pay instead of time for vacation days and the contract allows officers to bank up to 25 days at a rate of up to five days per year after 10 years of service. Two of the days are compensated at the rate at which they are earned and three are compensated at the rate earned at the time of retirement.

#### **Recommendation:**

**It is recommended that the vacation day allocation be revised to be similar to other borough employees; that the vacation banking system be abolished and that the pay for unused vacation be abolished.**

**Cost Savings: \$5,845 per retiree for banking provision**

**Cost Savings: \$7,700 annually if seven officers were paid for five vacation days per year**

#### **Sick Leave**

Police earn eight sick days in the first two years of service and then earn one sick day for each year of service. Sick leave is not cumulative.

**The borough is commended for controlling sick leave policy.**

#### **Holiday Pay**

Police are paid for 14 holidays at straight pay or compensatory time in a lump sum. If an officer works up to four holidays they are paid double time, which essentially means that they are paid triple time for these holidays; and straight time for more than four. In addition, officers can bank seven holidays each year toward retirement, get paid for them at their retiring rate and receive one extra day's pay for each five days accumulated. Straight pay for an officer who banked seven days per year retiring in 1996 after 25 years would be \$48,125. The actual current formula granting an additional day for every five days banked would amount to an additional \$9,625 for a total of \$57,750.

#### **Recommendations:**

**It is recommended that police officers receive no additional pay for working holidays.**

**Cost Savings: \$15,840**

**It is recommended that officers not be allowed to bank holiday pay. If banking is continued it should be paid out at the rate earned on a day for day basis.**

**Cost Savings: \$57,750 per retiree**

#### **Terminal Leave**

The contract provides thirty days' pay for terminal leave upon an ordinary retirement. We are not supportive of the concept of terminal leave.

#### **Shift Rotation Allowance**

Officers are given a shift rotation allowance of 1% times their salary. This means virtually all of the officers receive the increment in addition to very generous salaries.

**Recommendation:**

**Discontinue the 1% increment because shift work is an integral part of the job and is already accounted for in the compensation and schedule.**

**Cost Savings: approximately \$10,000**

**INSURANCE****Health Benefits**

The borough provides full hospitalization and medical coverage, dental, and life insurance to all full time employees working 35 hours per week on a yearly basis. The group health insurance is provided through Bergen County Municipal Employees Fund (BMED). The plan contains a \$200 deductible and 80/20 visit co-pay provision, with a maximum visit co-payment expense of \$1,000 per year. The borough also makes hospitalization and medical benefits available to its part-time employees at the then applicable premium rate. The cost to the borough was \$427,000 in 1996 and \$409,200 in 1997 for coverage of full-time employees. The borough is working with the insurer to change coverage to a Preferred Provider Organization (PPO), with the result being a cost savings of approximately 50% per individual changed to PPO.

**The borough is commended for limiting health insurance expenses through alternative providers and the borough is commended for its efforts to provide its part-time employees with the option of obtaining hospitalization and medical insurance at an affordable rate through the borough.**

**Recommendation:**

**It is recommended that the borough seek a 20% premium co-pay through all contracts. This is consistent with legislation recently enacted to authorize receipt of health benefits by retiring police officers.**

**Cost Savings: more than \$100,000**

Group life insurance is provided through the UNUM Life Insurance Company at a cost of \$36,000, which has been stable for several years. It appears that this life insurance coverage duplicates the life insurance provided through PERS and PFS pension plans.

**Recommendation:**

**It is recommended that the bargaining agreement provisions requiring this additional life insurance be terminated at the earliest opportunity.**

**Cost Savings: \$36,000**

## IV. Shared services

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

Hillsdale as a community is exemplary in its pursuit of shared services. As noted in the preceding sections, regionalizing and sharing services has been aggressively pursued. They have been successful with:

- Sharing sewerage and public works equipment saved \$85,000.
- Informal information sharing.
- Providing services to other communities through the UCC function provided major service enhancements and distributed fixed costs over a larger service area.
- Cooperating on an informal basis across municipal boundaries for EMS.
- Sharing facilities with the school districts including undertaking a cooperative paving program with the regional school district.
- Sharing welfare services with another community.
- Cooperating with River Vale in offering a wrestling program.
- Servicing local school buses.

The borough has pursued, but been unsuccessful in implementing, interlocal agreements or consolidation of:

- Library services which would have saved the merging community at least \$170,000 annually.
- Police services which could, at this point, save the community at least \$265,849.
- Health services changes would have improved the quality of services.

The borough is urged to pursue sharing of services with the school district or other municipalities for:

- Health Services
- Providing field maintenance to the school district which would produce a revenue of \$1,500 and a cost reduction to the school district of an estimated \$1,500.
- Police services could be either consolidated or shared on a partial basis to save between \$93,866 and \$265,849.
- Providing grounds maintenance and snow removal for the library to save \$5,000.

## **V. Statutory and regulatory reform**

The fifth and final section of the report, Statutory and Regulatory Reform, attempts to identify those areas where existing state regulations or statutory mandates are brought to the attention of the LGBR review team by local officials, which appear to have an adverse effect on efficient and cost effective local operations. It is common for local officials to attribute high costs and increased taxes to “state mandates.” Each review team is then charged with reporting those areas in this section of the report. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

### **Termination of Contracts with Local Health Agencies**

As noted in the health section of this report, N.J.S.A. 26:3A2-12, the Local Health Services Act, states that a municipality participating in a local health agency or contracting health agency must notify that agency of its intention to withdraw and provide them with a minimum of six months notification prior to the proposed withdrawal date. Notification is made by submitting a certified copy of a resolution passed by the governing body or the local board of health stating its intentions to withdraw. The withdrawal is effective on the date set forth in that resolution.

When the Hillsdale Board of Health was considering other proposals for health services, it made a decision to stay with its current contracting health agency citing the notification provision of the law. Hillsdale’s current contract for local public health services states, however, that either party is required to give only ninety days written notice. Additionally, it has been acknowledged that the State Department of Health observes some leniency regarding this provision. The statutory six month notification requirement was seemingly arbitrarily used by the board as a rationale for not pursuing the administration’s preference for selecting another provider in a timely manner.

### **Mandated Municipal Support of Public Libraries**

The state library law N.J.S.A. 40:54-29.3 et seq. provides for the establishment of joint libraries by one or more libraries. However, this same statute removes the cost savings incentive to joint libraries by not allowing the joint library to spend less than they are required to spend as independent municipal libraries. The team observed the negative impact of this first hand in Hillsdale where Hillsdale and another community had reached an agreement which would fund the construction of a new library facility, serving both towns while maintaining a stable investment by Hillsdale and obtaining the same per capita support as maintained by Hillsdale from the other community. This arrangement would have been beneficial to both communities in realized cost savings and improved library services. The harmful impact of this provision is duplicated and magnified by the regional library organization BCCLS. BCCLS by-laws are inconsistent with the state statute which says that the 1/3 of a mill funding requirement is viewed in the aggregate of the joint communities and can be apportioned as they choose while BCCLS does not grant reciprocal privileges and will not provide services to a community that does not contribute 1/3 of a mill of its tax base to a library. These two situations prevented two communities from improving library services while saving at least \$170,000 in one community and limiting the need to increase expenditures in another.

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